
SENATE BILL No. 474—COMMITTEE ON TAXATION

(ON BEHALF OF THE NEVADA LEAGUE OF
CITIES AND MUNICIPALITIES)

MARCH 24, 2003

Referred to Committee on Taxation

SUMMARY—Revises limitation on total ad valorem tax levy.
(BDR 32-340)

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

~

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

AN ACT relating to taxation; exempting ad valorem tax levies approved by the voters from the limitation on the total ad valorem tax levy for all public purposes under certain circumstances; clarifying the manner in which certain other limitations on ad valorem taxes are calculated; 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 361.453 is hereby amended to read as follows:
2 361.453 1. Except as otherwise provided in this section and
3 NRS 354.705, 354.723 and 450.760, the total ad valorem tax levy
4 for all public purposes must not exceed \$3.64 on each \$100 of
5 assessed valuation, or a lesser or greater amount fixed by the State
6 Board of Examiners if the State Board of Examiners is directed by
7 law to fix a lesser or greater amount for that fiscal year.
8 2. Any levy imposed by the Legislature for the repayment of
9 bonded indebtedness or the operating expenses of the State of
10 Nevada and any levy imposed by the board of county
11 commissioners pursuant to *subsection 1 of* NRS 387.195 that is in
12 excess of 50 cents on each \$100 of assessed valuation of taxable
13 property within the county must not be included in calculating the



* S B 4 7 4 *

1 limitation set forth in subsection 1 on the total ad valorem tax levied
2 within the boundaries of the county, city or unincorporated town . ~~f~~
3 ~~if, in a county whose population is 40,000 or less, or in a city or~~
4 ~~unincorporated town located within that county:~~
5 ~~—(a) The combined tax rate certified by the Nevada Tax~~
6 ~~Commission was at least \$3.50 on each \$100 of assessed valuation~~
7 ~~on June 25, 1998;~~
8 ~~—(b) The governing body of that county, city or unincorporated~~
9 ~~town proposes to its registered voters an additional levy ad valorem~~
10 ~~above the total ad valorem tax levy for all public purposes set forth~~
11 ~~in subsection 1;~~
12 ~~—(c) The proposal specifies the amount of money to be derived,~~
13 ~~the purpose for which it is to be expended and the duration of the~~
14 ~~levy; and~~
15 ~~—(d) The proposal is approved by a majority of the voters voting~~
16 ~~on the question at a general election or a special election called for~~
17 ~~that purpose.~~
18 ~~—3. The duration of the additional levy ad valorem levied~~
19 ~~pursuant to subsection 2 must not exceed 5 years. The governing~~
20 ~~body of the county, city or unincorporated town may discontinue the~~
21 ~~levy before it expires and may not thereafter reimpose it in whole or~~
22 ~~in part without following the procedure required for its original~~
23 ~~imposition set forth in subsection 2.~~
24 ~~—4. A special election may be held pursuant to subsection 2 only~~
25 ~~if the governing body of the county, city or unincorporated town~~
26 ~~determines, by a unanimous vote, that an emergency exists. The~~
27 ~~determination made by the governing body is conclusive unless it is~~
28 ~~shown that the governing body acted with fraud or a gross abuse of~~
29 ~~discretion. An action to challenge the determination made by the~~
30 ~~governing body must be commenced within 15 days after the~~
31 ~~governing body’s determination is final. As used in this subsection,~~
32 ~~“emergency” means any unexpected occurrence or combination of~~
33 ~~occurrences which requires immediate action by the governing body~~
34 ~~of the county, city or unincorporated town to prevent or mitigate a~~
35 ~~substantial financial loss to the county, city or unincorporated town~~
36 ~~or to enable the governing body to provide an essential service to~~
37 ~~the residents of the county, city or unincorporated town.]~~
38 **3. If the voters of a local government approve a levy of ad**
39 **valorem taxes or approve a bond issuance or other debt that is to**
40 **be repaid by the levy of ad valorem taxes, the amount of the levy of**
41 **ad valorem taxes that results must not be included in calculating**
42 **the limitation in subsection 1 on the total ad valorem tax levy for**
43 **all public purposes if the ballot question contains a clear statement**
44 **which sets forth the amount of the levy and explains that the levy**
45 **will be exempt from the limitation set forth in subsection 1.**



1 **Sec. 2.** NRS 361.4547 is hereby amended to read as follows:
 2 361.4547 ~~[1.]~~ After the approval of the final budgets for the
 3 various local governments as defined in NRS 354.474 and their
 4 submission to the Department, for examination and approval, the
 5 Nevada Tax Commission shall certify to the board of county
 6 commissioners of each of the several counties the combined tax rate
 7 necessary to produce the amount of revenue required by the
 8 approved budgets, and shall certify that combined rate, to each of
 9 the boards of county commissioners.

10 ~~[2.—If the voters of a school district approve an additional levy
 11 of taxes ad valorem pursuant to NRS 387.3285 or 387.3287 or the
 12 issuance of bonds or other debt to be repaid by a levy of taxes ad
 13 valorem throughout the district, and the Department finds for any
 14 fiscal year that the additional rate of tax required for this purpose,
 15 when added to the rates of taxes ad valorem authorized to be levied
 16 in the district by other local governments and the state for that fiscal
 17 year would cause the combined rate within the territory of any other
 18 local government to exceed the rate allowed by NRS 361.453, the
 19 Department shall determine:~~

20 ~~—(a) The amounts by which the proposed levies for all of the
 21 other local governments whose rates affect the territory have
 22 increased from the previous year; and~~

23 ~~—(b) The portion of the amount by which the combined rate
 24 would exceed the rate allowed by NRS 361.453 that is directly
 25 attributable to the additional levy approved by the voters for the
 26 school district.~~

27 ~~3.—If the Department determines that any portion of the amount
 28 by which the combined rate would exceed the rate allowed by NRS
 29 361.453 is directly attributable to the additional levy approved by
 30 the voters for the school district, the school district shall:~~

31 ~~—(a) Reduce for the fiscal year the amount levied pursuant to
 32 NRS 387.3285 or 387.3287, or both, if the proceeds of the levy are
 33 not already committed for debt service, by the amount determined
 34 by the Department to be directly attributable to the school district;~~

35 ~~—(b) Transfer to the other local government whose rate overlaps
 36 in that territory an amount of money, determined by the Department
 37 to be directly attributable to the school district, to reduce the
 38 combined rate to the rate allowed; or~~

39 ~~—(c) Determine and implement a combination of the methods of
 40 reduction allowed by paragraphs (a) and (b) that will result in the
 41 reduction of the combined rate by the amount determined by the
 42 Department to be directly attributable to the school district.~~

43 ~~4.—If a school district determines that it will proceed pursuant to
 44 paragraph (b) or (c) of subsection 3, the Department shall calculate
 45 the transfers so as to minimize the total amount transferred, and~~



1 ~~each local government to which a transfer is made shall~~
2 ~~correspondingly reduce its rate and file a revised budget within the~~
3 ~~time allowed by subsection 6 of NRS 361.455. The amounts~~
4 ~~transferred must be paid in installments, within 30 days after each~~
5 ~~installment of property taxes is due.]~~

6 **Sec. 3.** NRS 361.455 is hereby amended to read as follows:
7 361.455 1. ~~[Unless individual tax rates are reduced pursuant~~
8 ~~to NRS 361.4547, immediately]~~ **Immediately** upon adoption of the
9 final budgets, if the combined tax rate exceeds the limit imposed by
10 NRS 361.453, the chairman of the board of county commissioners
11 in each county concerned shall call a meeting of the governing
12 boards of each of the local governments within the county for the
13 purpose of establishing a combined tax rate that conforms to the
14 statutory limit. The chairman shall convene the meeting no later
15 than June 13 of each year.

16 2. The governing boards of the local governments shall meet in
17 public session and the county clerk shall keep appropriate records,
18 pursuant to regulations of the Department, of all proceedings. The
19 costs of taking and preparing the record of the proceedings,
20 including the costs of transcribing and summarizing tape recordings,
21 must be borne by the county and participating incorporated cities in
22 proportion to the final tax rate as certified by the Department. The
23 chairman of the board of county commissioners or his designee shall
24 preside at the meeting. The governing boards shall explore areas of
25 mutual concern so as to agree upon a combined tax rate that does
26 not exceed the statutory limit.

27 3. The governing boards shall determine final decisions by a
28 unanimous vote of all entities present and qualified to vote, as
29 defined in this subsection. No ballot may be cast on behalf of any
30 governing board unless a majority of the individual board is present.
31 A majority vote of all members of each governing board is
32 necessary to determine the ballot cast for that entity. All ballots
33 must be cast not later than the day following the day the meeting is
34 convened. The district attorney is the legal adviser for such
35 proceedings.

36 4. The county clerk shall immediately thereafter advise the
37 Department of the results of the ballots cast and the tax rates set for
38 local governments concerned. If the ballots for the entities present at
39 the meeting in the county are not unanimous, the county clerk shall
40 transmit all records of the proceedings to the Department within 5
41 days after the meeting.

42 5. If a unanimous vote is not obtained and the combined rate in
43 any county together with the established state tax rate exceeds the
44 statutory limit, the Department shall examine the record of the
45 discussions and the budgets of all local governments concerned. On



1 June 25 or, if June 25 falls on a Saturday or Sunday, on the Monday
2 next following, the Nevada Tax Commission shall meet to set the
3 tax rates for the next succeeding year for all local governments so
4 examined. In setting the tax rates for the next succeeding year the
5 Nevada Tax Commission shall not reduce that portion of the
6 proposed tax rate of the county school district for the operation and
7 maintenance of public schools.

8 6. Any local government affected by a rate adjustment, made in
9 accordance with the provisions of this section, which necessitates a
10 budget revision shall file a copy of its revised budget by July 30
11 next after the approval and certification of the rate by the Nevada
12 Tax Commission.

13 7. A copy of the certificate of the Nevada Tax Commission
14 sent to the board of county commissioners must be forwarded to the
15 county auditor.

16 **Sec. 4.** NRS 354.598 is hereby amended to read as follows:

17 354.598 1. At the time and place advertised for public
18 hearing, or at any time and place to which the public hearing is from
19 time to time adjourned, the governing body shall hold a public
20 hearing on the tentative budget, at which time interested persons
21 must be given an opportunity to be heard.

22 2. At the public hearing, the governing body shall indicate
23 changes, if any, to be made in the tentative budget, and shall adopt a
24 final budget by the favorable votes of a majority of all members
25 of the governing body. Except as otherwise provided in this
26 subsection, the final budget must be adopted on or before June 1 of
27 each year. The final budgets of school districts must be adopted on
28 or before June 8 of each year and must be accompanied by copies of
29 the written report and written procedure prepared pursuant to
30 subsection 3 of NRS 385.351. Should the governing body fail to
31 adopt a final budget that complies with the requirements of law and
32 the regulations of the Committee on Local Government Finance on
33 or before the required date, the budget adopted and used for
34 certification of the combined ad valorem tax rate by the Department
35 of Taxation for the current year, adjusted as to content and rate in
36 such a manner as the Department of Taxation may consider
37 necessary, automatically becomes the budget for the ensuing fiscal
38 year. When a budget has been so adopted by default, the governing
39 body may not reconsider the budget without the express approval of
40 the Department of Taxation. If the default budget creates a
41 combined ad valorem tax rate in excess of the limit imposed by
42 NRS 361.453, the Nevada Tax Commission shall adjust the budget
43 as provided in NRS ~~361.4547 or~~ 361.455.

44 3. The final budget must be certified by a majority of all
45 members of the governing body and a copy of it, together with an



1 affidavit of proof of publication of the notice of the public hearing,
2 must be transmitted to the Nevada Tax Commission. If a tentative
3 budget is adopted by default as provided in subsection 2, the clerk of
4 the governing body shall certify the budget and transmit to the
5 Nevada Tax Commission a copy of the budget, together with an
6 affidavit of proof of the notice of the public hearing, if that notice
7 was published. Certified copies of the final budget must be
8 distributed as determined by the Department of Taxation.

9 4. Upon the adoption of the final budget or the amendment of
10 the budget in accordance with NRS 354.598005, the several
11 amounts stated in it as proposed expenditures are appropriated for
12 the purposes indicated in the budget.

13 5. No governing body may adopt any budget which
14 appropriates for any fund any amount in excess of the budget
15 resources of that fund.

16 6. If a local government makes a change in its final budget
17 which increases the combined ad valorem tax rate, the local
18 government shall submit the amended final budget to the county
19 auditor within 15 days after making the change.

20 **Sec. 5.** NRS 354.705 is hereby amended to read as follows:

21 354.705 1. As soon as practicable after the Department takes
22 over the management of a local government, the Executive Director
23 shall:

24 (a) Determine the total amount of expenditures necessary to
25 allow the local government to perform the basic functions for which
26 it was created;

27 (b) Determine the amount of revenue reasonably expected to be
28 available to the local government; and

29 (c) Consider any alternative sources of revenue available to the
30 local government.

31 2. If the Executive Director determines that the available
32 revenue is not sufficient to provide for the payment of required debt
33 service and operating expenses, he may submit his findings to the
34 Committee who shall review the determinations made by the
35 Executive Director. If the Committee determines that additional
36 revenue is needed, it shall prepare a recommendation to the Nevada
37 Tax Commission as to which one or more of the following
38 additional taxes or charges should be imposed by the local
39 government:

40 (a) The levy of a property tax up to a rate which , when
41 combined with all other overlapping rates levied in the State ,
42 *including, without limitation, those levies that are excluded from*
43 *the calculation of the limitation on the total ad valorem tax levy*
44 *for all public purposes set forth in NRS 361.453,* does not exceed
45 \$4.50 on each \$100 of assessed valuation.



1 (b) An additional tax on transient lodging at a rate not to exceed
2 1 percent of the gross receipts from the rental of transient lodging
3 within the boundaries of the local government upon all persons in
4 the business of providing lodging. Any such tax must be collected
5 and administered in the same manner as all other taxes on transient
6 lodging are collected by or for the local government.

7 (c) Additional service charges appropriate to the local
8 government.

9 (d) If the local government is a county or has boundaries that are
10 conterminous with the boundaries of the county:

11 (1) An additional tax on the gross receipts from the sale or
12 use of tangible personal property not to exceed one quarter of 1
13 percent throughout the county. The ordinance imposing any such tax
14 must include provisions in substance which comply with the
15 requirements of subsections 2 to 5, inclusive, of NRS 377A.030.

16 (2) An additional governmental services tax of not more than
17 1 cent on each \$1 of valuation of the vehicle for the privilege of
18 operating upon the public streets, roads and highways of the county
19 on each vehicle based in the county except those vehicles exempt
20 from the governmental services tax imposed pursuant to chapter 371
21 of NRS or a vehicle subject to NRS 706.011 to 706.861, inclusive,
22 which is engaged in interstate or intercounty operations. As used in
23 this subparagraph, "based" has the meaning ascribed to it in
24 NRS 482.011.

25 3. Upon receipt of the plan from the Committee, a panel
26 consisting of three members of the Nevada Tax Commission
27 appointed by the Nevada Tax Commission and three members of the
28 Committee appointed by the Committee shall hold a public hearing
29 at a location within the boundaries of the local government in which
30 the severe financial emergency exists after giving public notice of
31 the hearing at least 10 days before the date on which the hearing will
32 be held. In addition to the public notice, the panel shall give notice
33 to the governing body of each local government whose jurisdiction
34 overlaps with the jurisdiction of the local government in which the
35 severe financial emergency exists.

36 4. After the public hearing conducted pursuant to subsection 3,
37 the Nevada Tax Commission may adopt the plan as submitted or
38 adopt a revised plan. Any plan adopted pursuant to this section must
39 include the duration for which any new or increased taxes or charges
40 may be collected which must not exceed 5 years.

41 5. Upon adoption of the plan by the Nevada Tax Commission,
42 the local government in which the severe financial emergency exists
43 shall impose or cause to be imposed the additional taxes and charges
44 included in the plan for the duration stated in the plan or until the



1 severe financial emergency has been determined by the Nevada Tax
2 Commission to have ceased to exist.

3 6. The allowed revenue from taxes ad valorem determined
4 pursuant to NRS 354.59811 does not apply to any additional
5 property tax levied pursuant to this section.

6 7. If a plan fails to satisfy the expenses of the local government
7 to the extent expected, the Committee shall report such failure to:

- 8 (a) The county for consideration of absorption of services; or
- 9 (b) If the local government is a county, to the next regular
10 session of the Legislature.

11 **Sec. 6.** NRS 354.723 is hereby amended to read as follows:
12 354.723 1. If the Executive Director determines that a severe
13 financial emergency which exists in a local government under
14 management by the Department is unlikely to cease to exist within 3
15 years, he shall determine:

16 (a) The amount any tax or mandatory assessment levied by the
17 local government must be raised to ensure a balanced budget for the
18 local government; and

19 (b) The manner in which the services provided by the local
20 government must be limited to ensure a balanced budget for the
21 local government,
22 and submit his findings to the Committee.

23 2. The Committee shall review the findings submitted by the
24 Executive Director pursuant to subsection 1. If the Committee
25 determines that the severe financial emergency which exists in the
26 local government is unlikely to cease to exist within 3 years and that
27 the findings made by the Executive Director are appropriate, the
28 Committee shall submit its recommendation to the Nevada Tax
29 Commission. If the Committee determines that the financial
30 emergency is likely to cease to exist within 3 years, that decision is
31 not subject to review by the Nevada Tax Commission.

32 3. The Nevada Tax Commission shall schedule a public
33 hearing within 30 days after the Committee submits its
34 recommendation. The Nevada Tax Commission shall provide public
35 notice of the hearing at least 10 days before the date on which the
36 hearing will be held. The Executive Director shall provide copies of
37 all documents relevant to the recommendation of the Committee to
38 the governing body of the local government in severe financial
39 emergency.

40 4. If, after the public hearing, the Nevada Tax Commission
41 determines that the recommendation of the Committee is
42 appropriate, a question must be submitted to the electors of the local
43 government at the next primary or general municipal election or
44 primary or general state election, as applicable, asking whether the
45 local government should be disincorporated or dissolved. If the



1 electors of the local government do not approve the disincorporation
2 or dissolution of the local government:

3 (a) The maximum ad valorem tax levied within the local
4 government, if any, must be raised to \$5 on each \$100 of assessed
5 valuation;

6 (b) Any other taxes or mandatory assessments levied in the local
7 government, notwithstanding any limitation on those taxes or
8 assessments provided by statute, must be raised in an amount the
9 Nevada Tax Commission determines is necessary to ensure a
10 balanced budget for the local government; and

11 (c) The services provided by the local government
12 must be limited in a manner the Nevada Tax Commission
13 determines is necessary to ensure a balanced budget for the local
14 government.

15 *In calculating the rate of tax required by paragraph (a), those*
16 *levies that are excluded from the calculation of the limitation on*
17 *the total ad valorem tax levy for all public purposes set forth in*
18 *NRS 361.453 must be included.*

19 5. If the electors of the local government approve the
20 disincorporation or dissolution of a local government that is:

21 (a) Created by another local government, it must be
22 disincorporated or dissolved:

23 (1) Pursuant to the applicable provisions of law; or

24 (2) If there are no specific provisions of law providing for
25 the disincorporation or dissolution of the local government, by the
26 entity that created the local government. If, at the time of the
27 disincorporation or dissolution of the local government pursuant to
28 this paragraph, there are any outstanding loans or bonded
29 indebtedness of the local government, including, without limitation,
30 loans made to the local government by the county in which the local
31 government is located, the taxes for the payment of the bonds or
32 other indebtedness must continue to be levied and collected in the
33 same manner as if the local government had not been
34 disincorporated or dissolved until all outstanding indebtedness is
35 repaid, but for all other purposes the local government shall be
36 deemed disincorporated or dissolved at the time that the entity
37 which created the local government disincorporates or dissolves the
38 local government. Any other liabilities and any remaining assets
39 shall revert to the entity that created the local government which is
40 being disincorporated or dissolved.

41 (b) Created by a special or local act of the Legislature, it may
42 only be disincorporated or dissolved by the Legislature. The
43 Executive Director shall submit notification of the vote approving
44 the disincorporation or dissolution of the local government to the
45 Director of the Legislative Counsel Bureau for transmittal to the



1 Legislature. At the first opportunity, the Legislature shall consider
2 the question of whether the special or local act will be repealed.

3 (c) Created in any other manner, it must be disincorporated or
4 dissolved:

5 (1) Pursuant to the applicable provisions of law; or

6 (2) If there are no specific provisions of law providing for
7 the disincorporation or dissolution of the local government, by the
8 governing body of that local government. If, at the time of the
9 disincorporation or dissolution of the local government pursuant to
10 this paragraph, there are any outstanding loans or bonded
11 indebtedness of the local government, including, without limitation,
12 loans made to the local government by the county or counties in
13 which the local government is located, the taxes for the payment of
14 the bonds or other indebtedness must continue to be levied and
15 collected in the same manner as if the local government had not
16 been disincorporated or dissolved until all outstanding indebtedness
17 is repaid, but for all other purposes the local government shall be
18 deemed disincorporated or dissolved at the time that the governing
19 body of the local government disincorporates or dissolves the local
20 government. Except as otherwise provided in this subparagraph, any
21 other liabilities and any remaining assets of the local government
22 shall revert to the board of county commissioners of the county in
23 which the local government is located. If the local government is
24 located in more than one county, the governing body of the local
25 government shall apportion the remaining liabilities and assets
26 among the boards of county commissioners of the counties in which
27 the local government is located.

28 6. Within 10 days after the Nevada Tax Commission makes a
29 determination pursuant to subsection 4, the Executive Director shall
30 notify:

31 (a) The city clerk, if the local government is a city; or

32 (b) The county clerk in all other cases,

33 and provide the clerk with the amount any tax or mandatory
34 assessment levied by the local government must be raised and a
35 description of the manner in which the services provided by the
36 local government must be limited to ensure a balanced budget for
37 the local government.

38 7. After the Executive Director notifies the city clerk or the
39 county clerk, as applicable, pursuant to subsection 6, the clerk shall
40 cause to be published in a newspaper of general circulation that is
41 printed in the local government a notice of the election once in each
42 calendar week for 2 successive calendar weeks by two weekly
43 insertions a week apart, the first publication to be not more than 30
44 days nor less than 22 days next preceding the date of the election. If
45 no newspaper is printed in the local government, publication of the



1 notice of election must be made in a newspaper printed in this state
2 and having a general circulation in the local government.

3 8. The notice required pursuant to subsection 7 must contain
4 the following information:

5 (a) That the Nevada Tax Commission has determined that the
6 severe financial emergency which exists in the local government is
7 unlikely to cease to exist within 3 years;

8 (b) That the question of whether the local government should be
9 disincorporated or dissolved will be submitted to the electors of the
10 local government at the next primary or general municipal election
11 or the next primary or general state election, as applicable; and

12 (c) That if the electors do not approve the disincorporation or
13 dissolution:

14 (1) The maximum ad valorem tax levied within the local
15 government, if any, will be raised to \$5 on each \$100 of assessed
16 valuation;

17 (2) Any taxes or mandatory assessment levied in the local
18 government will be raised to ensure a balanced budget for the local
19 government and the amount by which those taxes or mandatory
20 assessments will be raised; and

21 (3) The services the local government provides will be
22 limited to ensure a balanced budget for the local government and the
23 manner in which those services will be limited.

24 9. If any provisions providing generally for the
25 disincorporation or dissolution of the local government require that
26 the question of disincorporating or dissolving be published or
27 submitted to a vote of the electors of the local government, the
28 publication required by subsection 3 and the election required by
29 subsection 4 satisfy those requirements. If:

30 (a) There is any other conflict between the provisions of this
31 section and any provisions providing generally for the
32 disincorporation or dissolution of a local government; or

33 (b) The provisions providing generally for the disincorporation
34 or dissolution of a local government provide additional rights to
35 protest the disincorporation or dissolution of a local government not
36 provided by this section,

37 the provisions of this section control a disincorporation or
38 dissolution pursuant to this section and any person wishing to
39 protest such a disincorporation or dissolution must proceed in
40 accordance with the provisions of this section.

41 10. As used in this section, "local government" does not
42 include a county, a school district or any agency or department of a
43 county or city which prepares a budget separate from that of the
44 parent political subdivision.



1 **Sec. 7.** NRS 450.760 is hereby amended to read as follows:
2 450.760 In a county whose population is less than 400,000:
3 1. If, after a hearing, the board of county commissioners
4 determines that the dissolution of a hospital district is necessary, the
5 board shall by resolution provide for the dissolution of the hospital
6 district. On and after the filing of the resolution with the county
7 recorder, the hospital district shall be deemed dissolved.
8 2. Before dissolving a hospital district pursuant to subsection 1,
9 the board of county commissioners shall determine whether the
10 proceeds from the taxes currently being levied in the district, if any,
11 for the operation of the hospital and the repayment of debt are
12 sufficient to repay any outstanding obligations of the hospital
13 district within a reasonable period after the dissolution of
14 the district. If there are no taxes currently being levied for the
15 hospital district or the taxes being levied are not sufficient to repay
16 the outstanding obligations of the hospital district within a
17 reasonable period after the dissolution of the district, before
18 dissolving the district pursuant to subsection 1 the board of county
19 commissioners may levy a property tax on all of the taxable
20 property in the district that is sufficient, when combined with any
21 revenue from taxes currently being levied in the district, to repay the
22 outstanding obligations of the hospital district within a reasonable
23 period after the dissolution of the district. The allowed revenue from
24 taxes ad valorem determined pursuant to NRS 354.59811 does not
25 apply to any additional property tax levied pursuant to this
26 subsection. If the hospital district is being managed by the
27 Department of Taxation pursuant to NRS 354.685 to 354.725,
28 inclusive, at the time of dissolution, the rate levied pursuant to this
29 subsection must not be included in the total ad valorem tax levy for
30 the purposes of the application of the limitation in NRS 361.453, but
31 the rate levied , when combined with all other overlapping rates
32 levied in the State , *including, without limitation, those levies that*
33 *are excluded from the calculation of the limitation on the total ad*
34 *valorem tax levy for all public purposes set forth in NRS 361.453,*
35 must not exceed \$4.50 on each \$100 of assessed valuation. The
36 board of county commissioners shall discontinue any rate levied
37 pursuant to this subsection on a date that will ensure that no taxes
38 are collected for this purpose after the outstanding obligations of the
39 hospital district have been paid in full.
40 3. If, at the time of the dissolution of the hospital district, there
41 are any outstanding loans, bonded indebtedness or other obligations
42 of the hospital district, including, without limitation, unpaid
43 obligations to organizations such as the public employees'
44 retirement system, unpaid salaries or unpaid loans made to the
45 hospital district by the county, the taxes being levied in the district



1 at the time of dissolution must continue to be levied and collected in
2 the same manner as if the hospital district had not been dissolved
3 until all outstanding obligations of the district have been paid in full,
4 but for all other purposes the hospital district shall be deemed
5 dissolved from the time the resolution is filed pursuant to
6 subsection 1.

7 4. If the hospital district is being managed by the Department
8 of Taxation pursuant to NRS 354.685 to 354.725, inclusive, at the
9 time of dissolution, the management ceases upon dissolution, but
10 the board of county commissioners shall continue to make such
11 financial reports to the Department of Taxation as the Department
12 deems necessary until all outstanding obligations of the hospital
13 district have been paid in full.

14 5. The property of the dissolved hospital district may be
15 retained by the board of county commissioners for use as a hospital
16 or disposed of in any manner the board deems appropriate. Any
17 proceeds of the sale or other transfer of the property of the dissolved
18 hospital district and any proceeds from taxes which had been levied
19 and received by the hospital district before dissolution, whether
20 levied for operating purposes or for the repayment of debt, must be
21 used by the board of county commissioners to repay any
22 indebtedness of the hospital district.

23 **Sec. 8.** If, before July 1, 2003, the governing body of a county,
24 city or unincorporated town has levied an additional ad valorem tax
25 pursuant to the provisions of subsection 2 of NRS 361.453 and that
26 levy does not expire or is not discontinued before July 1, 2003, that
27 levy must be included in the calculation of the limitation set forth in
28 subsection 1 of NRS 361.453 until it expires.

29 **Sec. 9.** This act becomes effective on July 1, 2003.

