

SENATE BILL NO. 495—SENATORS TOWNSEND,
WASHINGTON AND MATHEWS

MAY 1, 2003

Referred to Committee on Taxation

SUMMARY—Makes various changes to Consolidated Local
Improvements Law. (BDR 21-1339)

FISCAL NOTE: Effect on Local Government: Yes.
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 local improvements; authorizing under certain
circumstances the acquisition of art and tourism and
entertainment projects pursuant to the Consolidated Local
Improvements Law; authorizing under certain
circumstances the pledge of certain sales and use tax
proceeds and state funding for the acquisition of projects
pursuant to the Consolidated Local Improvements Law;
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 to 7, inclusive, of this
- 3 act.
- 4 **Sec. 2.** *“Art project” means any works of art which are:*
- 5 1. *Selected through a public process; and*
- 6 2. *Displayed within the boundaries of an improvement district*
- 7 *at a location which is:*
- 8 (a) *Accessible to the public; and*
- 9 (b) *On property:*
- 10 (1) *Owned by a governmental entity; or*
- 11 (2) *Over which a governmental entity has a permanent*
- 12 *easement for public access.*



1 **Sec. 3.** *“Tourism and entertainment project” means any*
2 *publicly owned building or complex of buildings to accommodate*
3 *or house public and private activities as a part of a multi-faceted*
4 *center for tourism, including, without limitation, library facilities,*
5 *museum facilities, theater facilities, aquarium facilities, art*
6 *galleries, picture galleries, auditorium facilities, exposition*
7 *facilities, athletic facilities, racing facilities and any other*
8 *structures, fixtures, appurtenances and property and other*
9 *incidentals which are necessary, useful or desirable for such a*
10 *project, or any combination thereof.*

11 **Sec. 4.** *1. Except as otherwise provided in subsection 2, the*
12 *governing body of a municipality may include in an assessment*
13 *ordinance for a project the pledge of a single percentage specified*
14 *in the ordinance, which must not exceed 75 percent, of:*

15 *(a) An amount equal to the proceeds of the taxes imposed*
16 *pursuant to NRS 372.105 and 372.185 with regard to tangible*
17 *personal property sold at retail, or stored, used or otherwise*
18 *consumed, in the improvement district during a fiscal year, after*
19 *the deduction of a sum equal to the amount of those proceeds for*
20 *the fiscal year in which the assessment ordinance is adopted; and*

21 *(b) The amount of the proceeds of the taxes imposed pursuant*
22 *to NRS 374.110, 374.190 and 377.030 with regard to tangible*
23 *personal property sold at retail, or stored, used or otherwise*
24 *consumed, in the improvement district during a fiscal year, after*
25 *the deduction of the amount of those proceeds for the fiscal year*
26 *in which the assessment ordinance is adopted.*

27 **2.** *The governing body of a municipality shall not include a*
28 *pledge authorized by subsection 1 in an assessment ordinance for*
29 *a project unless:*

30 *(a) The board of county commissioners of each county in*
31 *which the improvement district is located determines, at a public*
32 *hearing conducted at least 15 days after providing notice of the*
33 *hearing by publication, that:*

34 *(1) As a result of the project:*

35 *(I) Retailers will locate their businesses as such in the*
36 *improvement district; and*

37 *(II) There will be a substantial increase in the proceeds*
38 *from sales and use taxes remitted by retailers with regard to*
39 *tangible personal property sold at retail, or stored, used or*
40 *otherwise consumed, in the improvement district; and*

41 *(2) A preponderance of that increase in the proceeds from*
42 *sales and use taxes will be attributable to transactions with tourists*
43 *who are not residents of this state;*



1 **(b) The Commission on Tourism approves the determination**
2 **made by the board of county commissioners pursuant to**
3 **subparagraph (2) of paragraph (a); and**

4 **(c) The Governor determines that the project and the pledge of**
5 **money authorized by subsection 1 will contribute significantly to**
6 **economic development and tourism in this state.**

7 **3. Any determination or approval made pursuant to**
8 **subsection 2 is conclusive in the absence of fraud or gross abuse**
9 **of discretion.**

10 **4. As used in this section, "retailer" has the meaning ascribed**
11 **to it in NRS 374.060.**

12 **Sec. 5. After the adoption of an assessment ordinance in**
13 **accordance with section 4 of this act, the governing body of the**
14 **municipality and the Department of Taxation shall enter into an**
15 **agreement specifying:**

16 **1. The amount of the proceeds of the taxes imposed pursuant to**
17 **NRS 372.105, 372.185, 374.110, 374.190 and 377.030, which**
18 **were remitted by retailers with regard to tangible personal**
19 **property sold at retail, or stored, used or otherwise consumed, in**
20 **the improvement district during the fiscal year in which the**
21 **assessment ordinance was adopted. If no retailers maintained a**
22 **fixed place of business within the improvement district during that**
23 **fiscal year, the amount of those proceeds shall be deemed to be**
24 **zero.**

25 **2. The dates and procedure for distribution to the**
26 **municipality of the amounts pledged pursuant to subsection 1 of**
27 **section 4 of this act. The distributions must:**

28 **(a) Be made not less frequently than once each calendar**
29 **quarter; and**

30 **(b) Cease on the date that all assessments imposed pursuant to**
31 **the assessment ordinance have been paid in full, including any**
32 **applicable payments of principal, interest and penalties.**

33 **Sec. 6. 1. After the adoption of an assessment ordinance in**
34 **accordance with section 4 of this act, the governing body of a**
35 **municipality may, except as otherwise provided in subsection 2,**
36 **enter into an agreement with one or more of the owners of any**
37 **interest in property within the improvement district, pursuant to**
38 **which that owner would agree to make payments to the**
39 **municipality or to another local government that provides services**
40 **in the improvement district, or to both, to defray, in whole or in**
41 **part, the cost of local governmental services during the term of the**
42 **pledge authorized pursuant to subsection 1 of section 4 of this act.**
43 **Such an agreement must specify the amount to be paid by the**
44 **owner of the property interest, which may be stated as a particular**



1 *amount per year or as an amount based upon any formula upon*
2 *which the municipality and owner agree.*

3 *2. The governing body of a municipality shall not enter into*
4 *an agreement pursuant to subsection 1 unless the governing body*
5 *determines that the project and the assessment of property within*
6 *the improvement district will not have a positive fiscal effect on the*
7 *provision of local governmental services, after considering:*

8 *(a) The amount of the proceeds of all taxes and other*
9 *governmental revenue projected to be received as a result of the*
10 *properties and businesses expected to be located in the*
11 *improvement district;*

12 *(b) The use of the amounts pledged pursuant to subsection 1 of*
13 *section 4 of this act; and*

14 *(c) Any increase in costs for the provision of local*
15 *governmental services, including, without limitation, services for*
16 *police protection and fire protection, as a result of the project and*
17 *the development of land within the improvement district.*

18 *3. Any determination made pursuant to subsection 2 is*
19 *conclusive in the absence of fraud or gross abuse of discretion.*

20 **Sec. 7.** *If the governing body of a municipality adopts an*
21 *assessment ordinance in accordance with section 4 of this act:*

22 *1. None of the bonds, if any, issued for the improvement*
23 *district may be secured by a pledge of the taxing power or general*
24 *fund of the municipality; and*

25 *2. NRS 271.495 and 271.500 do not apply to any bonds issued*
26 *for the improvement district.*

27 **Sec. 8.** NRS 271.030 is hereby amended to read as follows:
28 271.030 As used in this chapter, unless the context otherwise
29 requires, the words and terms defined in NRS 271.035 to 271.250,
30 inclusive, *and sections 2 and 3 of this act* have the meanings
31 ascribed to them in those sections.

32 **Sec. 9.** NRS 271.265 is hereby amended to read as follows:

33 271.265 1. The governing body of a county, city or town,
34 upon behalf of the municipality and in its name, without any
35 election, may from time to time acquire, improve, equip, operate
36 and maintain, within or without the municipality, or both within and
37 without the municipality:

- 38 (a) A commercial area vitalization project;
- 39 (b) A curb and gutter project;
- 40 (c) A drainage project;
- 41 (d) An off-street parking project;
- 42 (e) An overpass project;
- 43 (f) A park project;
- 44 (g) A sanitary sewer project;
- 45 (h) A security wall;



- 1 (i) A sidewalk project;
- 2 (j) A storm sewer project;
- 3 (k) A street project;
- 4 (l) A street beautification project;
- 5 (m) A transportation project;
- 6 (n) An underpass project;
- 7 (o) A water project; and
- 8 (p) Any combination of such projects.

9 2. In addition to the power specified in subsection 1, the
 10 governing body of a city having a commission form of government
 11 as defined in NRS 267.010, upon behalf of the municipality and in
 12 its name, without any election, may from time to time acquire,
 13 improve, equip, operate and maintain, within or without the
 14 municipality, or both within and without the municipality:

- 15 (a) An electrical project;
- 16 (b) A telephone project;
- 17 (c) A combination of an electrical project and a telephone
 18 project;
- 19 (d) A combination of an electrical project or a telephone project
 20 with any of the projects, or any combination thereof, specified in
 21 subsection 1; and
- 22 (e) A combination of an electrical project and a telephone
 23 project with any of the projects, or any combination thereof,
 24 specified in subsection 1.

25 3. In addition to the power specified in subsections 1 and 2, the
 26 governing body of a municipality, on behalf of the municipality and
 27 in its name, without an election, may finance an underground
 28 conversion project with the approval of each service provider that
 29 owns the overhead service facilities to be converted.

30 *4. In addition to the power specified in subsections 1, 2 and 3,*
 31 *if the governing body of a municipality complies with the*
 32 *provisions of section 4 of this act, the governing body of the*
 33 *municipality, on behalf of the municipality and in its name,*
 34 *without any election, may from time to time acquire, improve,*
 35 *equip, operate and maintain, within or without the municipality,*
 36 *or both within and without the municipality:*

- 37 (a) *An art project; and*
- 38 (b) *A tourism and entertainment project.*

39 **Sec. 10.** NRS 271.431 is hereby amended to read as follows:
 40 271.431 As used in NRS 271.431 to 271.434, inclusive,
 41 “revenue” means any money pledged wholly or in part for crediting
 42 to or payment of assessments, subject to any existing pledges or
 43 other contractual limitations and may include:

44 1. Moneys derived from one, all or any combination of revenue
 45 resources appertaining to any facilities of the municipality, financed



1 in whole or in part with the proceeds of assessments levied pursuant
2 to the assessment ordinance, including , but not limited to , use and
3 service charges, rents, fees and any other income derived from the
4 operation or ownership of, from the use or services of, or from the
5 availability of or services appertaining to, the lease of, any sale or
6 other disposal of, any contract or other arrangement, or otherwise
7 derived in connection with such facilities or all or any part of any
8 property appertaining to the facilities.

9 2. Any loans, grants or contributions to the municipality from
10 the Federal Government, the State or any public body for the
11 payment of all or any portion of the cost of the project for which the
12 assessments were levied.

13 3. The proceeds of any excise taxes levied and collected by the
14 municipality or otherwise received by it and authorized by law to be
15 pledged for the payment of the project for which the assessments
16 were levied or for the payment of the assessments levied to finance
17 the cost of the project but excluding the proceeds of any general (ad
18 valorem) taxes.

19 **4. Any money pledged pursuant to an assessment ordinance**
20 **adopted in accordance with section 4 of this act.**

21 **Sec. 11.** NRS 271.4315 is hereby amended to read as follows:

22 271.4315 1. The governing body may apply any revenues to
23 the payment of assessments and in so doing may pledge the revenue
24 to such payment. The revenues ~~{shall}~~ **must** be credited in the
25 proportion which each individual assessment or installment of
26 principal bears to the total of all individual assessments in the
27 assessment to which the revenues are to be credited. The application
28 of revenues ~~{shall}~~ **must** be made pursuant to the provisions set forth
29 in the assessment ordinance.

30 2. If an individual assessment, or any installment of principal
31 and interest has been paid in cash, the credit ~~{shall}~~ **must** be returned
32 in cash to the person or persons paying the same upon their
33 furnishing satisfactory evidence of payment. Where all or any part
34 of an individual assessment remains unpaid and is payable in
35 installments of principal, the credit ~~{shall}~~ **must** be applied to the
36 installment, and if after the payment of the installment there remains
37 an unused portion of the credit, the unused portion ~~{shall}~~ **must** be
38 applied to the payment of interests, and if after the payment of such
39 principal and interest there remains an unused portion of the credit,
40 the unused portion ~~{shall}~~ **must, as determined by the governing**
41 **body,** be applied ~~{to}~~ :

42 (a) **To** the next ensuing installment or installments of principal
43 and interest ; **or**



1 *(b) As a prepayment of the assessment, including any*
2 *applicable penalty for that prepayment,*
3 until the credit is applied in its entirety.

4 **Sec. 12.** Chapter 360 of NRS is hereby amended by adding
5 thereto a new section to read as follows:

6 *1. The State Controller, acting upon the collection data*
7 *furnished by the Department, shall remit to the governing body of*
8 *a municipality that adopts an assessment ordinance in accordance*
9 *with section 4 of this act, in the manner provided pursuant to an*
10 *agreement made pursuant to section 5 of this act:*

11 *(a) From the State General Fund the amount of money*
12 *pledged pursuant to the ordinance in accordance with paragraph*
13 *(a) of subsection 1 of section 4 of this act, which amount is hereby*
14 *appropriated for that purpose; and*

15 *(b) From the Sales and Use Tax Account in the State General*
16 *Fund the amount of the proceeds pledged pursuant to the*
17 *ordinance in accordance with paragraph (b) of subsection 1 of*
18 *section 4 of this act.*

19 *2. The governing body of a municipality that adopts an*
20 *assessment ordinance in accordance with section 4 of this act shall*
21 *promptly remit to the State Controller any amount received*
22 *pursuant to this section in excess of the amount required to carry*
23 *out the provisions of NRS 271.4315 with regard to the project for*
24 *which the assessment ordinance was adopted. The State Controller*
25 *shall deposit any money received from a governing body of a*
26 *municipality pursuant to this subsection in the appropriate*
27 *account in the State General Fund for distribution and use as if*
28 *the money had not been pledged pursuant to an assessment*
29 *ordinance adopted in accordance with section 4 of this act.*

30 **Sec. 13.** NRS 374.785 is hereby amended to read as follows:

31 374.785 1. All fees, taxes, interest and penalties imposed and
32 all amounts of tax required to be paid to counties under this chapter
33 must be paid to the Department in the form of remittances payable
34 to the Department.

35 2. The Department shall deposit the payments in the State
36 Treasury to the credit of the Sales and Use Tax Account in the State
37 General Fund.

38 3. The State Controller, acting upon the collection data
39 furnished by the Department, shall, each month, from the Sales and
40 Use Tax Account in the State General Fund:

41 (a) Transfer .75 percent of all fees, taxes, interest and penalties
42 collected in each county during the preceding month , *excluding*
43 *any amounts required to be remitted pursuant to section 12 of this*
44 *act,* to the appropriate account in the State General Fund as
45 compensation to the State for the costs of collecting the tax.



1 (b) Transfer .75 percent of all fees, taxes, interest and penalties
2 collected during the preceding month from out-of-state businesses
3 not maintaining a fixed place of business within this state ,
4 *excluding any amounts required to be remitted pursuant to section*
5 *12 of this act*, to the appropriate account in the State General Fund
6 as compensation to the State for the costs of collecting the tax.

7 (c) Determine for each county the amount of money equal to the
8 fees, taxes, interest and penalties collected in the county pursuant to
9 this chapter during the preceding month , less the amount transferred
10 pursuant to paragraph (a).

11 (d) Transfer the total amount of taxes collected pursuant to this
12 chapter during the preceding month from out-of-state businesses not
13 maintaining a fixed place of business within this state, less the
14 amount transferred pursuant to paragraph (b) ~~and~~ *and excluding any*
15 *amounts required to be remitted pursuant to section 12 of this act*,
16 to the State Distributive School Account in the State General Fund.

17 (e) Except as otherwise provided in NRS 387.528 ~~and~~ *or as*
18 *required to carry out section 12 of this act*, transfer the amount
19 owed to each county to the Intergovernmental Fund and remit the
20 money to the credit of the county school district fund.

21 4. For the purpose of the distribution required by this section,
22 the occasional sale of a vehicle shall be deemed to take place in the
23 county to which the governmental services tax payable by the buyer
24 upon that vehicle is distributed.

25 **Sec. 14.** NRS 377.050 is hereby amended to read as follows:

26 377.050 1. All fees, taxes, interest and penalties imposed and
27 all amounts of tax required to be paid to counties under this chapter
28 must be paid to the Department in the form of remittances made
29 payable to the Department.

30 2. The Department shall deposit the payments with the State
31 Treasurer for credit to the Sales and Use Tax Account in the State
32 General Fund.

33 3. The State Controller, acting upon the collection data
34 furnished by the Department, shall , *before making the*
35 *distributions required by NRS 377.055 and 377.057*, monthly
36 transfer from the Sales and Use Tax Account .75 percent of all fees,
37 taxes, interests and penalties collected pursuant to this chapter
38 during the preceding month , *excluding any amounts required to be*
39 *remitted pursuant to section 12 of this act*, to the appropriate
40 account in the State General Fund ~~[, before making the distributions~~
41 ~~required by NRS 377.055 and 377.057,]~~ as compensation to the
42 State for the cost of collecting the tax.

43 **Sec. 15.** NRS 377.055 is hereby amended to read as follows:

44 377.055 1. The Department shall monthly determine for each
45 county an amount of money equal to the sum of:



1 (a) Any fees and any taxes, interest and penalties which derive
2 from the basic city-county relief tax collected in that county
3 pursuant to this chapter during the preceding month, less the
4 corresponding amount transferred to the State General Fund
5 pursuant to subsection 3 of NRS 377.050; and

6 (b) That proportion of the total amount of taxes which derive
7 from that portion of the tax levied at the rate of one-half of 1 percent
8 collected pursuant to this chapter during the preceding month from
9 out-of-state businesses not maintaining a fixed place of business
10 within this state, less the corresponding amount transferred to the
11 State General Fund pursuant to subsection 3 of NRS 377.050, which
12 the population of that county bears to the total population of all
13 counties which have in effect a city-county relief tax
14 ordinance,

15 and , *except as otherwise required to carry out section 12 of this*
16 *act*, deposit the money in the Local Government Tax Distribution
17 Account created by NRS 360.660 for credit to the respective
18 subaccounts of each county.

19 2. For the purpose of the distribution required by this section,
20 the occasional sale of a vehicle shall be deemed to take place in the
21 county to which the governmental services tax payable by the buyer
22 upon that vehicle is distributed.

23 **Sec. 16.** NRS 377.057 is hereby amended to read as follows:

24 377.057 1. The State Controller, acting upon the relevant
25 information furnished by the Department, shall distribute monthly
26 from the fees, taxes, interest and penalties which derive from the
27 supplemental city-county relief tax collected in all counties and
28 from out-of-state businesses during the preceding month, *excluding*
29 *any amounts required to be remitted pursuant to section 12 of this*
30 *act and* except as otherwise provided in subsection 2, to:

31 (a) Douglas, Esmeralda, Eureka, Lander, Lincoln, Lyon,
32 Mineral, Nye, Pershing, Storey and White Pine counties, an amount
33 equal to one-twelfth of the amount distributed in the immediately
34 preceding fiscal year multiplied by one plus:

35 (1) The percentage change in the total receipts from the
36 supplemental city-county relief tax for all counties and from out-of-
37 state businesses, from the fiscal year 2 years preceding the
38 immediately preceding fiscal year to the fiscal year preceding the
39 immediately preceding fiscal year; or

40 (2) Except as otherwise provided in this paragraph, the
41 percentage change in the population of the county, as certified by
42 the Governor pursuant to NRS 360.285, added to the percentage
43 change in the Consumer Price Index for the year ending on
44 December 31 next preceding the year of distribution,



1 whichever is less, except that the amount distributed to the county
2 must not be less than the amount specified in subsection 5. If the
3 Bureau of the Census of the United States Department of Commerce
4 issues population totals that conflict with the totals certified by the
5 Governor pursuant to NRS 360.285, the percentage change
6 calculated pursuant to subparagraph (2) for the ensuing fiscal year
7 must be an estimate of the change in population for the calendar
8 year, based upon the population totals issued by the Bureau of the
9 Census.

10 (b) All other counties, the amount remaining after making the
11 distributions required by paragraph (a) to each of these counties in
12 the proportion that the amount of supplemental city-county relief tax
13 collected in the county for the month bears to the total amount of
14 supplemental city-county relief tax collected for that month in the
15 counties whose distribution will be determined pursuant to this
16 paragraph.

17 2. If the amount of supplemental city-county relief tax
18 collected in a county listed in paragraph (a) of subsection 1 for the
19 12 most recent months for which information concerning the actual
20 amount collected is available on February 15 of any year exceeds by
21 more than 10 percent the amount distributed pursuant to paragraph
22 (a) to that county for the same period, the State Controller shall
23 distribute that county's portion of the proceeds from the
24 supplemental city-county relief tax pursuant to paragraph (b) of
25 subsection 1 in all subsequent fiscal years, unless a waiver is
26 granted pursuant to subsection 3.

27 3. A county which, pursuant to subsection 2, is required to
28 have its portion of the proceeds from the supplemental city-county
29 relief tax distributed pursuant to paragraph (b) of subsection 1 may
30 file a request with the Nevada Tax Commission for a waiver of the
31 requirements of subsection 2. The request must be filed on or before
32 February 20 next preceding the fiscal year for which the county will
33 first receive its portion of the proceeds from the supplemental city-
34 county relief tax pursuant to paragraph (b) of subsection 1 and must
35 be accompanied by evidence which supports the granting of the
36 waiver. The Commission shall grant or deny a request for a waiver
37 on or before March 10 next following the timely filing of the
38 request. If the Commission determines that the increase in
39 the amount of supplemental city-county relief tax collected in the
40 county was primarily caused by:

41 (a) Nonrecurring taxable sales, it shall grant the request.

42 (b) Normal or sustainable growth in taxable sales, it shall deny
43 the request.

44 A county which is granted a waiver pursuant to this subsection is
45 not required to obtain a waiver in any subsequent fiscal year to



1 continue to receive its portion of the proceeds from the
2 supplemental city-county relief tax pursuant to paragraph (a) of
3 subsection 1 unless the amount of supplemental city-county relief
4 tax collected in the county in a fiscal year again exceeds the
5 threshold established in subsection 2.

6 4. The amount apportioned to each county must be deposited in
7 the Local Government Tax Distribution Account created by NRS
8 360.660 for credit to the respective accounts of each county.

9 5. The minimum amount which may be distributed to the
10 following counties in a month pursuant to paragraph (a) of
11 subsection 1 is as follows:

12		
13	Douglas	\$580,993
14	Esmeralda.....	53,093
15	Lander	155,106
16	Lincoln	72,973
17	Lyon	356,858
18	Mineral	118,299
19	Nye	296,609
20	Pershing.....	96,731
21	Storey	69,914
22	White Pine.....	158,863
23		

24 6. As used in this section, unless the context otherwise
25 requires:

26 (a) "Enterprise district" has the meaning ascribed to it in
27 NRS 360.620.

28 (b) "Local government" has the meaning ascribed to it in
29 NRS 360.640.

30 (c) "Special district" has the meaning ascribed to it
31 in NRS 360.650.

32 **Sec. 17.** NRS 387.1235 is hereby amended to read as follows:

33 387.1235 1. Except as otherwise provided in subsection 2,
34 local funds available are the sum of:

35 (a) The amount computed by multiplying .0025 times the
36 assessed valuation of the school district as certified by the
37 Department of Taxation for the concurrent school year; and

38 (b) The proceeds of the local school support tax imposed by
39 chapter 374 of NRS ~~§~~, *excluding any amounts required to be*
40 *remitted pursuant to section 12 of this act.* The Department of
41 Taxation shall furnish an estimate of these proceeds to the
42 Superintendent of Public Instruction on or before July 15 for the
43 fiscal year then begun, and the Superintendent shall adjust the final
44 apportionment of the current school year to reflect any difference
45 between the estimate and actual receipts.



1 2. The amount computed under subsection 1 that is attributable
2 to any assessed valuation attributable to the net proceeds of minerals
3 must be held in reserve and may not be considered as local funds
4 available until the succeeding fiscal year.
5 **Sec. 18.** This act becomes effective on July 1, 2003.

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