

SENATE BILL NO. 235—SENATOR MCGINNESS

MARCH 21, 2005

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to procedure for dissolution of hospital districts in certain smaller counties. (BDR 40-960)

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 hospital districts; revising provisions relating to the procedure for the dissolution of hospital districts in certain smaller counties; 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 450 of NRS is hereby amended by adding
- 2 thereto the provisions set forth as sections 2 to 6, inclusive, of this
- 3 act.
- 4 **Sec. 2.** *In a county whose population is less than 400,000:*
- 5 1. *Except as otherwise provided in subsection 2, if a majority*
- 6 *of the members of the board of county commissioners determine*
- 7 *that it is in the best interests of the county and of the hospital*
- 8 *district that the hospital district be dissolved, the board of county*
- 9 *commissioners shall so determine by ordinance, after there is first*
- 10 *found, determined and recited in the ordinance that:*
- 11 (a) *All outstanding indebtedness and bonds of all kinds of the*
- 12 *hospital district have been paid; and*
- 13 (b) *The services of the hospital district are no longer needed or*
- 14 *can be more effectively performed by an existing unit of*
- 15 *government.*
- 16 2. *If the hospital district includes territory within more than*
- 17 *one county, the hospital district may be dissolved only if a majority*



1 of the members of the board of county commissioners of each
2 county included within the district take the actions described in
3 subsection 1.

4 3. In determining pursuant to subsection 1 whether the
5 dissolution of a hospital district is in the best interests of the
6 county and of the hospital district, a board of county
7 commissioners must consider, without limitation, whether:

8 (a) The hospital district is capable of providing sufficient
9 health care services to the residents of the county or counties
10 within the territory of the hospital district in an economical
11 manner;

12 (b) The basic health care needs of the residents of the county
13 or counties within the territory of the hospital district will be met if
14 the hospital district is dissolved;

15 (c) There have been substantial changes in the financial status
16 of the hospital district during the immediately preceding 2 years;
17 and

18 (d) There has been an increased tax burden on the residents of
19 the county or counties within the territory of the hospital district
20 during the immediately preceding 2 years.

21 4. The county clerk of each county within which any territory
22 of the hospital district is located shall thereupon certify a copy of
23 the ordinance to the board of trustees of the hospital district and
24 shall mail written notice to all property owners within the hospital
25 district in his county, containing:

26 (a) The adoption of the ordinance;

27 (b) The determination of the board of county commissioners of
28 that county that the district should be dissolved; and

29 (c) The time and place for the hearing on the dissolution.

30 **Sec. 3. 1.** Any person who owns property which is located
31 within a hospital district that a board of county commissioners has
32 determined pursuant to section 2 of this act should be dissolved
33 may, on or before the date fixed for the hearing on the dissolution
34 of the hospital district, protest against the dissolution of the
35 hospital district by filing a written protest with the county clerk of
36 the county in which the property is located.

37 2. If, at or before the time fixed by the ordinance and notice,
38 written protest is filed pursuant to subsection 1 by a majority of the
39 owners of property within the hospital district, the hospital district
40 must not be dissolved. If any written protests are filed and:

41 (a) If the hospital district does not include territory within
42 more than one county, the board of county commissioners
43 determines that the protests so filed represent less than a majority
44 of the owners of property within the hospital district, the board
45 may complete the dissolution by the adoption of a final ordinance



1 of dissolution, which ordinance must contain a recital of the
2 protests, and the recital is binding and conclusive for all purposes;
3 or

4 (b) If the hospital district includes territory within more than
5 one county, the board of county commissioners of each county
6 included within the hospital district determines that the protests so
7 filed represent less than a majority of the owners of property
8 within the hospital district, the dissolution may be completed by
9 the adoption of a final ordinance of dissolution by the board of
10 county commissioners of each county included within the hospital
11 district, which ordinance must contain a recital of the protests,
12 and the recital is binding and conclusive for all purposes.

13 **Sec. 4.** Except as otherwise provided in subsection 2 of
14 section 3 of this act, at the place, date and hour specified for the
15 hearing on the dissolution of a hospital district in the notice
16 mailed pursuant to section 2 of this act or at any subsequent time
17 to which the hearing may be adjourned, the board of county
18 commissioners of each county within which any territory of the
19 hospital district is located shall give full consideration to all
20 protests which have been filed pursuant to section 3 of this act and
21 shall hear all persons desiring to be heard and shall thereafter
22 adopt either the final ordinance of dissolution or an ordinance
23 determining that the hospital district must not be dissolved. The
24 dissolution may be completed by the adoption of a final ordinance
25 of dissolution by the board of county commissioners of each
26 county included within the hospital district.

27 **Sec. 5.** Within 30 days after the effective date of each
28 ordinance which is required for the dissolution of a hospital
29 district pursuant to section 3 or 4 of this act, each county clerk
30 shall file a copy of the ordinance in his office and shall cause to be
31 filed an additional copy of the ordinance in the Office of the
32 Secretary of State, which filings must be without fee and must
33 otherwise be filed in the same manner as articles of incorporation
34 are required to be filed under chapter 78 of NRS.

35 **Sec. 6.** In a county whose population is less than 400,000:

36 1. All outstanding and unpaid tax sales and levies and all
37 special assessment liens of a dissolved hospital district are valid
38 and remain a lien against the property against which they are
39 assessed or levied until paid, subject to the limitations of liens
40 provided by general law. Taxes and special assessments paid after
41 the dissolution of a hospital district must be placed in the general
42 fund of the county in which the district hospital was located.

43 2. The board of county commissioners of the county in which
44 the district hospital was located has the same power to enforce the
45 collection of all special assessments and outstanding tax sales of



1 *the hospital district as the hospital district had if it had not been*
2 *dissolved.*

3 **Sec. 7.** NRS 450.550 is hereby amended to read as follows:

4 450.550 As used in NRS 450.550 to ~~[450.750,]~~ **450.760,**
5 inclusive, *and sections 2 to 6, inclusive, of this act,* unless the
6 context otherwise requires:

7 1. “Board of trustees” means:

8 (a) A board of hospital trustees:

9 (1) Elected pursuant to NRS 450.620 and a physician who is
10 appointed pursuant to subsection 1 of NRS 450.640, if applicable; or

11 (2) Appointed pursuant to NRS 450.625 and a physician who
12 is appointed pursuant to subsection 1 of NRS 450.640, if applicable;
13 or

14 (b) A board of county commissioners, if that board enacts an
15 ordinance which provides that the board of county commissioners
16 is, ex officio, the board of hospital trustees, and a physician who is
17 appointed pursuant to subsection 1 of NRS 450.640, if applicable.

18 2. “District hospital” means a hospital constructed, maintained
19 and governed pursuant to NRS 450.550 to ~~[450.750, inclusive.]~~
20 **450.760, inclusive, and sections 2 to 6, inclusive, of this act.**

21 **Sec. 8.** NRS 450.760 is hereby amended to read as follows:

22 450.760 In a county whose population is less than 400,000:

23 1. ~~[If, after a hearing, the board of county commissioners~~
24 ~~determines that the dissolution of a hospital district is necessary, the~~
25 ~~board shall by resolution provide for the dissolution of the hospital~~
26 ~~district. On and after the filing of the resolution with the county~~
27 ~~recorder, the hospital district shall be deemed dissolved.~~

28 ~~—2.]~~ Before dissolving a hospital district pursuant to ~~[subsection~~
29 ~~1.]~~ **this section and sections 2 to 6, inclusive, of this act,** the board
30 of county commissioners *of the county in which the district*
31 *hospital is located* shall determine whether the proceeds from the
32 taxes currently being levied in the *hospital* district, if any, for the
33 operation of the hospital and the repayment of debt are sufficient to
34 repay any outstanding obligations of the hospital district within a
35 reasonable period after the dissolution of the *hospital* district. If
36 there are no taxes currently being levied for the hospital district or
37 the taxes being levied are not sufficient to repay the outstanding
38 obligations of the hospital district within a reasonable period after
39 the dissolution of the *hospital* district, before dissolving the *hospital*
40 district pursuant to ~~[subsection 1 the]~~ **this section and sections 2 to**
41 **6, inclusive, of this act:**

42 (a) *If the hospital district does not include territory within*
43 *more than one county, the* board of county commissioners may
44 levy a property tax on all of the taxable property in the *hospital*
45 district that is sufficient, when combined with any revenue from



1 taxes currently being levied in the *hospital* district, to repay the
2 outstanding obligations of the hospital district within a reasonable
3 period after the dissolution of the *hospital* district ~~[]~~; or

4 *(b) If the hospital district includes territory within more than*
5 *one county, the board of county commissioners of each county*
6 *within which any territory of the hospital district is located may*
7 *levy a property tax on all of the taxable property in the county that*
8 *is within the hospital district that is sufficient, when combined*
9 *with any revenue from taxes currently being levied in the hospital*
10 *district, to repay the outstanding obligations of the hospital district*
11 *within a reasonable period after the dissolution of the hospital*
12 *district.*

13 2. The allowed revenue from taxes ad valorem determined
14 pursuant to NRS 354.59811 does not apply to any additional
15 property tax levied pursuant to ~~[this subsection.]~~ *subsection 1*. If the
16 hospital district is being managed by the Department of Taxation
17 pursuant to NRS 354.685 to 354.725, inclusive, at the time of
18 dissolution, the rate levied pursuant to ~~[this]~~ *subsection 1* must not
19 be included in the total ad valorem tax levy for the purposes of the
20 application of the limitation in NRS 361.453, but the rate levied
21 when combined with all other overlapping rates levied in the State
22 must not exceed \$4.50 on each \$100 of assessed valuation. ~~[The]~~ *A*
23 *board of county commissioners shall discontinue any rate levied*
24 *pursuant to [this] subsection 1 on a date that will ensure that no*
25 *taxes are collected for this purpose after the outstanding obligations*
26 *of the hospital district have been paid in full.*

27 3. If, at the time of the dissolution of the hospital district ~~[]~~
28 *pursuant to this section and sections 2 to 6, inclusive, of this act,*
29 *there are any outstanding loans, bonded indebtedness or other*
30 *obligations of the hospital district, including, without limitation,*
31 *unpaid obligations to organizations such as the Public Employees'*
32 *Retirement System, unpaid salaries or unpaid loans made to the*
33 *hospital district by the county, the taxes being levied in the* *hospital*
34 *district at the time of dissolution must continue to be levied and*
35 *collected in the same manner as if the hospital district had not been*
36 *dissolved until all outstanding obligations of the* *hospital* *district*
37 *have been paid in full, but for all other purposes , the hospital*
38 *district shall be ~~[deemed]~~ considered dissolved from the ~~[time the~~*
39 *resolution is filed pursuant to subsection 1.] date on which each*
40 *board of county commissioners of each county included within the*
41 *hospital district has adopted a final ordinance of dissolution*
42 *pursuant to section 3 or 4 of this act.*

43 4. If the hospital district is being managed by the Department
44 of Taxation pursuant to NRS 354.685 to 354.725, inclusive, at the
45 time of dissolution, the management ceases upon dissolution, but



1 the board of county commissioners *of the county in which the*
2 *district hospital was located* shall continue to make such financial
3 reports to the Department of Taxation as the Department deems
4 necessary until all outstanding obligations of the hospital district
5 have been paid in full.

6 5. The property of the dissolved hospital district may be
7 retained by the board of county commissioners *of the county in*
8 *which the district hospital was located* for use as a hospital or
9 disposed of in any manner the board deems appropriate.

10 6. Any proceeds of the sale or other transfer of the property of
11 the dissolved hospital district and any proceeds from taxes which
12 had been levied and received by the hospital district before
13 dissolution, whether levied for operating purposes or for the
14 repayment of debt, must be used by the board of county
15 commissioners *of the county in which the district hospital was*
16 *located* to repay any indebtedness of the hospital district.



