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FIRST REPRINT

S.B. 279

SENATE BILL NO. 279—SENATOR KIECKHEFER

MARCH 14, 2019

JOINT SPONSOR: ASSEMBLYWOMAN KRASNER

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to general improvement districts. (BDR 25-246)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 general improvement districts; requiring the board of trustees of a general improvement district to follow certain procedures before selling real property owned by the district; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the board of trustees of a general improvement district to dispose of real property owned by the district. (NRS 318.160) This bill sets forth various requirements to be met in order for the board to sell such real property.

Section 2 of this bill: (1) requires, with limited exception, the board of trustees to obtain two independent appraisals of real property; and (2) prohibits, with limited exception, the board from selling the real property for less than the average of the appraisals. **Section 3** of this bill requires the board to adopt procedures for creating and maintaining a list of qualified appraisers.

Section 4 of this bill requires a board of trustees, before ordering the sale of real property, to adopt a resolution at a public meeting: (1) declaring the intent of the board to sell the real property; (2) finding that the sale is in the best interest of the district; and (3) fixing a time for an additional public meeting of the board at which sealed bills for the real property will be considered. **Section 4** also sets forth certain public notice requirements for: (1) the first meeting where the board may adopt such a resolution; and (2) the second meeting at which the property may be sold. **Section 5** of this bill sets forth the procedures for selling the real property at the second meeting. **Section 6** of this bill authorizes the board to not comply with such procedures if, under certain circumstances, the board sells the property to an adjacent property owner, the State or another governmental entity.



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20 **Section 7** of this bill authorizes the board of trustees to: (1) offer the property
21 for sale a second time if the real property is not sold at the initial offering; and (2)
22 list the property for sale with a real estate broker if the real property is not sold at
23 the second offering.

24 **Section 8** of this bill provides that any sale of real property by a board of
25 trustees is void if the sale violates any of the requirements or procedures previously
26 described.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 318 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 8, inclusive, of this
3 act.

4 **Sec. 2.** *Except as otherwise provided in NRS 318.1177,*
5 *318.118 and 318.215:*

6 *1. Before ordering any real property of the district for sale,*
7 *the board of trustees must:*

8 *(a) Except as otherwise provided in this paragraph, obtain two*
9 *independent appraisals of the real property. If the board of*
10 *trustees holds a public hearing on the matter of the fair market*
11 *value of the real property, one independent appraisal of the real*
12 *property is sufficient before selling the real property. The*
13 *appraisal or appraisals, as applicable, must have been prepared*
14 *not more than 6 months before the date on which the real property*
15 *is offered for sale.*

16 *(b) Select the one independent appraiser or two independent*
17 *appraisers, as applicable, from the list of appraisers established*
18 *pursuant to section 3 of this act.*

19 *(c) Verify the qualifications of each appraiser selected*
20 *pursuant to paragraph (b). The determination of the board of*
21 *trustees as to the qualifications of the appraiser is conclusive.*

22 *2. The board of trustees shall not sell the property for less*
23 *than:*

24 *(a) If two independent appraisals were obtained pursuant to*
25 *subsection 1, the average of the appraisals of the real property.*

26 *(b) If one appraisal is obtained pursuant to subsection 1, the*
27 *appraised value of the real property.*

28 **Sec. 3.** *1. The board of trustees shall adopt by resolution*
29 *the procedures for creating and maintaining a list of appraisers*
30 *qualified to conduct appraisals of real property offered for sale by*
31 *the board. The list must:*

32 *(a) Contain the names of all persons qualified to act as a*
33 *general appraiser in the same county as the real property that may*
34 *be appraised; and*



1 (b) *Be organized at random and rotated from time to time.*

2 2. *An appraiser chosen pursuant to subsection 1 must provide*
3 *a disclosure statement which includes, without limitation, all*
4 *sources of income that may constitute a conflict of interest and*
5 *any relationship with the real property owner or the owner of an*
6 *adjoining real property.*

7 3. *An appraiser shall not perform an appraisal on any real*
8 *property for sale by the board of trustees if:*

9 (a) *The appraiser has an interest in the real property or an*
10 *adjoining property;*

11 (b) *The real property is located in a county whose population*
12 *is 45,000 or more and any person who is related to the appraiser*
13 *has an interest in the real property or an adjoining property and*
14 *the relationship between the appraiser and the person is within the*
15 *third degree of consanguinity or affinity; or*

16 (c) *The real property is located in a county whose population is*
17 *less than 45,000 and any person who is related to the appraiser*
18 *has an interest in the real property or an adjoining property and*
19 *the relationship between the appraiser and the person is within the*
20 *second degree of consanguinity or affinity.*

21 **Sec. 4. 1.** *Except as otherwise provided in NRS 318.1177,*
22 *318.118 and 318.215 and section 6 of this act, before ordering the*
23 *sale of any real property owned by the general improvement*
24 *district, the board of trustees shall, in open meeting by a majority*
25 *vote of the members, adopt a resolution declaring the intention of*
26 *the board to sell the property at auction and finding that the sale is*
27 *in the best interest of the district. The resolution must:*

28 (a) *Describe the property proposed to be sold in such a manner*
29 *as to identify the property.*

30 (b) *Specify the minimum price and the terms upon which the*
31 *property will be sold.*

32 (c) *Fix a time, not less than 3 weeks thereafter, for a public*
33 *meeting of the board of trustees to be held at its regular place of*
34 *meeting, at which sealed bids will be received and considered.*

35 2. *Notice of the adoption of the resolution and of the time and*
36 *place of holding the meeting must be given by:*

37 (a) *Posting copies of the resolution in three public places in*
38 *the district not less than 15 days before the date of the meeting;*
39 *and*

40 (b) *Causing to be published at least once a week for 3*
41 *successive weeks before the meeting, in a newspaper qualified*
42 *under chapter 238 of NRS that is published in the county in which*
43 *the real property is located, a notice setting forth:*

44 (I) *A description of the real property proposed to be sold at*
45 *auction in such a manner as to identify the property;*



1 (2) *The minimum price of the real property proposed to be*
2 *sold at auction; and*

3 (3) *The places at which the resolution described in*
4 *subsection 1 has been posted pursuant to paragraph (a), and any*
5 *other places at which copies of that resolution may be obtained.*

6 ↪ *If no qualified newspaper is published within the county in*
7 *which the real property is located, the required notice must be*
8 *published in some qualified newspaper printed in the State of*
9 *Nevada and having a general circulation within the county.*

10 **Sec. 5. 1.** *At the time and place fixed in the resolution for*
11 *the meeting of the board of trustees adopted pursuant to section 4*
12 *of this act, all sealed bids which have been received must, in public*
13 *session, be opened, examined and declared by the board. Of the*
14 *bids submitted which conform to all terms and conditions specified*
15 *in the resolution of intention to sell and which are made by*
16 *responsible bidders, the bid which is the highest must be finally*
17 *accepted, unless a higher oral bid is accepted or the board rejects*
18 *all bids.*

19 2. *Before accepting any written bid, the board shall call for*
20 *oral bids. If, upon the call for oral bidding, any responsible person*
21 *offers to buy the property upon the terms and conditions specified*
22 *in the resolution, for a price exceeding by at least 5 percent the*
23 *highest written bid, then the highest oral bid which is made by a*
24 *responsible person must be finally accepted.*

25 3. *The final acceptance of a bid by the board may be made*
26 *either at the same session or at any adjourned session of the same*
27 *meeting held within the 10 days next following.*

28 4. *The board may, either at the same session or at any*
29 *adjourned session of the same meeting held within the 10 days*
30 *next following, if it deems the action to be for the best public*
31 *interest, reject any and all bids, either written or oral, and*
32 *withdraw the property from sale.*

33 5. *Any resolution of acceptance of any bid made by the board*
34 *must authorize and direct the chair to execute a deed and to*
35 *deliver it upon performance and compliance by the purchaser with*
36 *all the terms or conditions of the purchaser's contract which are*
37 *to be performed concurrently therewith.*

38 6. *All money received from sales of real property must be*
39 *deposited forthwith with the treasurer of the board to be credited*
40 *to the district fund.*

41 7. *The board may require any person requesting that real*
42 *property be sold pursuant to the provisions of this section to*
43 *deposit a sufficient amount of money to pay the costs to be*
44 *incurred by the board in acting upon the application, including*
45 *the costs of publication and the expenses of appraisal. This deposit*



1 *must be refunded if the person making the deposit is not the*
2 *successful bidder. The costs of acting upon the application,*
3 *including the costs of publication and the expenses of appraisal,*
4 *must be borne by the successful bidder.*

5 **Sec. 6.** *A board of trustees may sell any real property owned*
6 *by the district without complying with the provisions of sections 4*
7 *and 5 of this act to:*

8 *1. A person who owns real property located adjacent to the*
9 *real property to be sold if the board has determined by resolution*
10 *that the sale will be in the best interest of the district and the real*
11 *property is a:*

12 *(a) Parcel that, as a result of its size, is too small to establish*
13 *an economically viable use by anyone other than the person who*
14 *owns real property adjacent to the real property for sale; or*

15 *(b) Parcel which is subject to a deed restriction prohibiting the*
16 *use of the real property by anyone other than the person who owns*
17 *real property adjacent to the real property for sale.*

18 *2. The State or another governmental entity if:*

19 *(a) The sale restricts the use of the real property to a public*
20 *use; and*

21 *(b) The board adopts a resolution finding that the sale will be*
22 *in the best interest of the district.*

23 **Sec. 7. 1.** *If real property that is offered for sale pursuant*
24 *to sections 4 and 5 of this act is not sold at the initial offering of*
25 *the contract for the sale of the real property, the board of trustees*
26 *may offer the real property for sale a second time pursuant to*
27 *sections 4 and 5 of this act. The board of trustees must obtain a*
28 *new appraisal or appraisals, as applicable, of the real property*
29 *before offering the real property for sale a second time if:*

30 *(a) There is a material change relating to the title, zoning or*
31 *an ordinance governing the use of the real property; or*

32 *(b) The appraisal or appraisals, as applicable, were prepared*
33 *more than 6 months before the date on which the real property is*
34 *offered for sale the second time.*

35 *2. If real property that is offered for sale pursuant to this*
36 *section is not sold at the second offering of the contract for the*
37 *sale of the real property, the board of trustees may list the real*
38 *property for sale at the appraised value with a licensed real estate*
39 *broker, provided that the broker or a person related to the broker*
40 *within the first degree of consanguinity or affinity does not have*
41 *an interest in the real property or an adjoining property. If the*
42 *appraisal or appraisals, as applicable, were prepared more than 6*
43 *months before the date on which the real property is listed with a*
44 *licensed real estate broker, the board must obtain one new*



1 *appraisal of the real property before listing the real property for*
2 *sale at the new appraised value.*

3 **Sec. 8.** *Any sale of real property of a district that does not*
4 *comply with the provisions of sections 2 to 7, inclusive, of this act*
5 *is void.*

6 **Sec. 9.** NRS 318.160 is hereby amended to read as follows:

7 318.160 ~~{The}~~ *Except as otherwise provided in sections 2 to 8,*
8 *inclusive, of this act, the* board shall have the power to acquire,
9 dispose of and encumber real and personal property, and any interest
10 therein, including leases, easements, and revenues derived from the
11 operation thereof. The constitutional and inherent powers of the
12 legislature are hereby delegated to the board for the acquisition,
13 disposal and encumbrance of property; but the board shall in no case
14 receive title to property already devoted to public purpose or use,
15 except with the consent of the owners of such property, and except
16 upon approval of a majority of the board.

17 **Sec. 10.** NRS 318.220 is hereby amended to read as follows:

18 318.220 1. ~~{Any}~~ *Except as otherwise provided in sections 2*
19 *to 8, inclusive, of this act, any* municipality, county, special district
20 or owner may sell, lease, grant, convey, transfer or pay over to any
21 district, with or without consideration, any project or any part
22 thereof or any interest in real or personal property or any money
23 available for construction or improvement purposes, including the
24 proceeds of bonds issued before, on or after March 30, 1959, for
25 construction or improvement purposes which may be used by the
26 district in the construction, improvement, maintenance or operation
27 of any project.

28 2. Any municipality, county or special district is also
29 authorized to transfer, assign and set over to any district any
30 contracts which may have been awarded by the municipality, county
31 or special district for the construction of projects not begun or, if
32 begun, not completed.

33 3. The territory being served by any project or the territory
34 within which the project is authorized to render service at the time
35 of the acquisition of the project by a district must include the area
36 served by the project and the area in which the project is authorized
37 to serve at the time of acquisition and any other area into which the
38 service may be extended within the district. If an election is required
39 either by general law or charter provision to authorize the transfer,
40 such election must be called and conducted as provided by law.

41 **Sec. 11.** NRS 318A.390 is hereby amended to read as follows:

42 318A.390 1. ~~{Any}~~ *Except as otherwise provided in sections*
43 *2 to 8, inclusive, of this act, any* county, city, special district or
44 owner may sell, lease, grant, convey, transfer or pay over to any
45 district, with or without consideration, any facility, improvement or



1 project, or any part thereof, or any interest in real or personal
2 property or any money available for the construction, improvement,
3 maintenance or operation of any facility, improvement or project.

4 2. Any county, city or special district may transfer, assign and
5 set over to any district any contracts which may have been awarded
6 by the county, city or special district for the construction of
7 facilities, improvements or projects not begun or completed.

8 **Sec. 12.** This act becomes effective on July 1, 2019.

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