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ASSEMBLY BILL NO. 54—COMMITTEE  
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE DEPARTMENT OF TAXATION)

PREFILED DECEMBER 20, 2014

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to local governments existing in a severe financial emergency. (BDR 31-308)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.  
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.

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AN ACT relating to local financial administration; revising provisions governing the operation of the Committee on Local Government Finance; revising provisions relating to the management of a local government existing in a severe financial emergency; providing a penalty; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law establishes the procedures by which certain local governments  
2 existing in a severe financial emergency may receive technical financial and other  
3 assistance from the Department of Taxation and the Committee on Local  
4 Government Finance. Existing law also requires the Nevada Tax Commission,  
5 upon determining that a local government exists in a severe financial emergency, to  
6 require by order that: (1) the Department take over the management of the local  
7 government until the severe financial emergency ceases to exist; (2) the local  
8 government increase or impose new taxes to meet the revenue requirements of the  
9 local government; and (3) under certain circumstances, a question be submitted to  
10 the electors of the local government as to whether the local government should be  
11 disincorporated or dissolved. Existing law further provides for the cessation of the  
12 management of a local government by order of the Commission under certain  
13 circumstances. (NRS 354.105, 354.655-354.725) **Section 1** of this bill revises  
14 provisions providing for the operation of the Committee on Local Government  
15 Finance. **Sections 4 and 5** of this bill provide for the withholding of certain  
16 payments to which a local government may otherwise be entitled for failing to file



17 certain financial reports or to make certain payments to the Public Employees'  
18 Benefits Program. **Section 6** of this bill requires the Department, upon making a  
19 determination that certain financial conditions exist in a local government, to place  
20 the local government under a program of monitoring. **Section 7** of this bill  
21 establishes the process by which the Committee and the Commission determine that  
22 a local government exists in a severe financial emergency and requires the  
23 Commission, upon making such a determination, to order the local government to  
24 follow a remedial course of action. **Section 8** of this bill revises the duties of the  
25 Department upon taking over the management of a local government found to exist  
26 in a severe financial emergency. **Section 9** of this bill provides for the creation and  
27 adoption by the Commission of a remedial plan of action to increase the revenues  
28 and reduce the expenditures of the local government. The plan may provide for the  
29 imposition of additional taxes by the local government, which taxes, pursuant to  
30 **section 15** of this bill, are not subject to certain abatements and other limitations.  
31 **Section 11** of this bill extends the period by which a local government may repay  
32 certain interest-free loans distributed by the Executive Director of the Department  
33 to the local government from the Severe Financial Emergency Fund. If the  
34 Executive Director determines that the severe financial emergency of a local  
35 government is unlikely to end within a certain period, **section 12** of this bill  
36 requires the Committee to review the findings of the Executive Director and  
37 recommend certain additional remedial actions to the Commission, including a  
38 recommendation that: (1) the county absorb the local government; or (2) the local  
39 government be disincorporated or dissolved. **Section 13** of this bill prohibits the  
40 Commission from terminating or modifying the management of a local government  
41 by the Department without first obtaining a recommendation from the Committee.

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

- 1       **Section 1.** NRS 354.105 is hereby amended to read as follows:  
2       354.105 1. The Committee on Local Government Finance,  
3       consisting of 11 members, is hereby created.  
4       2. The following associations shall each appoint three members  
5       to serve on the Committee:  
6       (a) Nevada League of Cities;  
7       (b) Nevada Association of County Commissioners; and  
8       (c) Nevada ~~[School Trustees]~~ Association ~~[ ]~~ *of School Boards.*  
9       3. The Nevada State Board Of Accountancy shall appoint two  
10       members to serve on the Committee.  
11       4. Each appointment must be for a term of 3 years ~~[ ]~~, *and*  
12       *each member appointed may be reappointed to additional terms.*  
13       5. ~~[All vacancies]~~ *A vacancy* must be filled as soon as  
14       practicable by the appointing authority of the person who vacated  
15       the seat.  
16       6. If any of the associations listed in subsection 2 cease to  
17       exist, the appointments required by subsection 2 must be made by  
18       the association's successor in interest or, if there is no successor in  
19       interest, one each by the other appointing authorities.



1       7. *The members of the Committee shall elect by majority vote*  
2 *a member as Chair and another member as Vice Chair, who shall*  
3 *serve for terms of 3 years or until their successors are elected.*

4       8. *The Committee shall meet not less than twice per year and*  
5 *may meet at other times upon the call of the Chair or a majority of*  
6 *the members of the Committee.*

7       9. *A majority of the members of the Committee constitutes a*  
8 *quorum, and a quorum may exercise all the power and authority*  
9 *conferred on the Committee.*

10      10. *Members of the Committee serve without compensation,*  
11 *except that for each day or portion of a day during which a*  
12 *member of the Committee attends a meeting of the Committee or is*  
13 *otherwise engaged in the business of the Committee, the member*  
14 *is entitled to receive the per diem allowance and travel expenses*  
15 *provided for state officers and employees generally.*

16      11. *The Department of Taxation shall provide administrative*  
17 *support to the Committee.*

18      **Sec. 2.** NRS 354.655 is hereby amended to read as follows:  
19      354.655 As used in NRS 354.655 to 354.725, inclusive, unless  
20 the context requires otherwise:

21      1. *“Basic function” means an activity of a local government*  
22 *for the purpose of accomplishing a primary service or function of*  
23 *the local government, including, without limitation, those services*  
24 *and functions relating to general governance, public safety, public*  
25 *works, public health, public welfare and judicial services or*  
26 *functions for which the local government is responsible.*

27      2. *“Commission” means the Nevada Tax Commission.*

28      3. *“Committee” means the Committee on Local Government*  
29 *Finance.*

30      ~~[2.]~~ 4. *“Department” means the Department of Taxation.*

31      ~~[3.]~~ 5. *“Executive Director” means the Executive Director of*  
32 *the Department . ~~[of Taxation.]~~*

33      ~~—4.]~~ 6. *“Fiscal watch” means the monitoring of a local*  
34 *government pursuant to a notice issued pursuant to subsection 1*  
35 *of NRS 354.675.*

36      7. *“Local government” means ~~[any local government subject to~~*  
37 *~~the provisions of the Local Government Budget and Finance Act.~~*

38      ~~—5.—The]~~ *every political subdivision or other entity which has*  
39 *the right to levy or receive money from ad valorem or other taxes*  
40 *or any mandatory assessments, and includes, without limitation,*  
41 *counties, cities, towns, boards, school districts, districts organized*  
42 *pursuant to chapters 244A, 309, 318 and 379 of NRS, NRS*  
43 *450.550 to 450.750, inclusive, and chapters 474, 541, 543 and 555*  
44 *of NRS, irrigation districts organized pursuant to chapter 539 of*  
45 *NRS, and any agency or department of a county or city which*



1 *prepares a budget separate from that of the parent political*  
2 *subdivision.*

3 8. *“Technical financial assistance” means assistance*  
4 *provided by the Department to a local government, including,*  
5 *without limitation, assistance with auditing financial records,*  
6 *developing budgets, reviewing contracts, analyzing cost*  
7 *allocations, debt management, feasibility analyses and revenue*  
8 *forecasting.*

9 9. *Except as otherwise provided in subsection 7, the* words  
10 and terms defined in the Local Government Budget and Finance Act  
11 have the meanings ascribed to them in that act.

12 **Sec. 3.** NRS 354.657 is hereby amended to read as follows:

13 354.657 1. The purpose of NRS 354.655 to 354.725,  
14 inclusive, is to ~~[provide specific methods for the treatment of~~  
15 ~~delinquent documents, payments, technical financial assistance~~  
16 ~~and]~~ :

17 (a) *Restore and maintain the financial solvency of any local*  
18 *government in financial distress;*

19 (b) *Provide basic functions for which a local government in*  
20 *financial distress is responsible; and*

21 (c) *Provide a tiered program of financial oversight and*  
22 *assistance by the State based on the existing financial conditions*  
23 *of a local government, including, without limitation, placing the*  
24 *local government on fiscal watch, providing technical financial*  
25 *assistance to the local government and assisting the local*  
26 *government if it is found to exist in a state of severe financial*  
27 *emergency.*

28 2. To accomplish the purpose set forth in subsection 1, the  
29 provisions of NRS 354.655 to 354.725, inclusive, must be broadly  
30 and liberally construed.

31 **Sec. 4.** NRS 354.665 is hereby amended to read as follows:

32 354.665 1. If a local government does not file a statement,  
33 report or other document as required by the provisions of NRS  
34 350.013, **354.5945**, 354.6015, 354.6025, 354.624, 354.6245 or  
35 387.303 within 15 days after the day on which it was due, the  
36 Executive Director shall notify the governing body of the local  
37 government in writing that the report is delinquent. The notification  
38 must be noted in the minutes of the first meeting of the governing  
39 body following transmittal of the notification.

40 2. If the required report is not received by the Department  
41 within 45 days after the day on which the report was due, the  
42 Executive Director shall notify the governing body that the presence  
43 of a representative of the governing body is required at the next  
44 practicable scheduled meeting of the Committee to explain the  
45 reason that the report has not been filed. The notice must be



1 transmitted to the governing body ~~at least~~ *not less than* 5 days  
2 before the date on which the meeting will be held.

3 3. If an explanation satisfactory to the Committee is not  
4 provided at the meeting as requested in the notice and an  
5 arrangement is not made for the submission of the report, the  
6 Committee may instruct the Executive Director to request that the  
7 State Treasurer withhold from the local government the next  
8 distribution from the Local Government Tax Distribution Account ,  
9 if the local government is otherwise entitled to receive such a  
10 distribution , ~~or of~~ the local school support tax if the local  
11 government is a school district ~~[-]~~ *or any other property taxes, taxes*  
12 *on the net proceeds of minerals or grants to which the local*  
13 *government may otherwise be entitled as a distribution from the*  
14 *State.* Upon receipt of such a request, the State Treasurer shall  
15 withhold the payment and all future payments until the State  
16 Treasurer is notified by the Executive Director that the report has  
17 been received by the Department.

18 **Sec. 5.** NRS 354.671 is hereby amended to read as follows:

19 354.671 1. Upon receipt of notification by the Board of the  
20 Public Employees' Benefits Program pursuant to NRS 287.0434  
21 that a local government is delinquent by more than 90 days on an  
22 amount due to the Public Employees' Benefits Program pursuant to  
23 paragraph (b) of subsection 4 of NRS 287.023, the Executive  
24 Director shall notify the governing body that the presence of a  
25 representative of the governing body is required at the next  
26 practicable scheduled meeting of the Committee to explain the  
27 reason that the payment has not been made. The notice must be  
28 transmitted to the governing body ~~at least~~ *not less than* 5 days  
29 before the date on which the meeting will be held.

30 2. If an explanation satisfactory to the Committee is not  
31 provided at the meeting as requested in the notice and an  
32 arrangement is not made for the submission of the payment, the  
33 Committee may instruct the Executive Director to request that the  
34 State Treasurer withhold from the local government an amount  
35 equal to the amount of the delinquent payment from the next  
36 distribution from the Local Government Tax Distribution Account ,  
37 if the local government is otherwise entitled to receive such a  
38 distribution , ~~or of~~ the local school support tax if the local  
39 government is a school district ~~[-]~~ *or any other property taxes, taxes*  
40 *on the net proceeds of minerals or grants to which the local*  
41 *government may otherwise be entitled as a distribution from the*  
42 *State.* Upon receipt of such a request, the State Treasurer shall  
43 withhold that amount from the payment or any future payment as  
44 necessary until the State Treasurer is notified by the Executive  
45 Director that the delinquent payment has been received by the



1 Department. The Department shall transmit the delinquent payment  
2 to the Public Employees' Benefits Program upon receipt.

3 **Sec. 6.** NRS 354.675 is hereby amended to read as follows:

4 354.675 1. ~~[A governing body which determines that the~~  
5 ~~local government is in need of technical financial assistance may~~  
6 ~~adopt a resolution requesting an appearance before the Nevada Tax~~  
7 ~~Commission to request technical financial assistance from the~~  
8 ~~Department.]~~ *If the Department determines that one or more of the*  
9 *conditions identified in paragraphs (a) to (aa), inclusive, of*  
10 *subsection 2 of NRS 354.685 exist in a local government, the*  
11 *Department shall provide written notice to the local government,*  
12 *the Commission and the Committee that the local government has*  
13 *been placed on fiscal watch by the Department. The Department*  
14 *shall not remove a local government from fiscal watch until the*  
15 *Executive Director determines that such conditions no longer exist*  
16 *or the Executive Director submits a recommendation to the*  
17 *Committee pursuant to subsection 2 of NRS 354.685.*

18 2. *If a local government is placed on fiscal watch pursuant to*  
19 *subsection 1, the governing body of the local government may*  
20 *adopt a resolution requesting the Commission to order the*  
21 *Department, in consultation with the local government and the*  
22 *Committee, to provide appropriate technical financial assistance to*  
23 *the local government.*

24 3. Upon receipt of a resolution adopted pursuant to subsection  
25 ~~[1.]~~ 2, the ~~[Nevada Tax]~~ Commission shall place the request for  
26 technical financial assistance on the agenda for the next practicable  
27 scheduled meeting of the Commission and notify the governing  
28 body of the local government of the time and place at which one or  
29 more representatives of the local government must appear to present  
30 the request.

31 ~~[3.]~~ 4. After hearing the request for technical financial  
32 assistance ~~[.]~~ *and any recommendations of the Committee,* if the  
33 ~~[Nevada Tax]~~ Commission finds that the local government is in  
34 need of technical financial assistance, ~~[.]~~ *the Commission* shall  
35 order the Department to provide the assistance. The order must  
36 include such terms and conditions as the Commission deems  
37 appropriate and may include a schedule or rate of payment for the  
38 services of the Department.

39 ~~[4.]~~ 5. If the governing body adopts a resolution accepting the  
40 terms and conditions established pursuant to subsection ~~[3.]~~ 4,  
41 the Department shall provide such technical financial assistance to  
42 the local government as the Department deems necessary and  
43 appropriate.



1 ~~[5.]~~ 6. The Department may request *from the Committee* any  
2 assistance it deems appropriate to carry out the provisions of this  
3 section. ~~[from the Committee.]~~

4 ~~—6.]~~ 7. The Department shall continue to provide assistance to  
5 the local government pursuant to this section until the ~~[Nevada Tax]~~  
6 Commission ~~[adopts]~~ *issues* an order requiring the Department to  
7 cease providing the assistance. The ~~[Nevada Tax]~~ Commission may  
8 ~~[adopt]~~ *issue* such an order upon its own motion, ~~[or]~~ upon receipt  
9 of a *request for such an order from the Department or the*  
10 *Committee, or upon receipt of a* resolution adopted by the  
11 governing body requesting such an order.

12 ~~[7.]~~ 8. If no payment for the services of the Department is  
13 required by the order or such payments are not sufficient to pay the  
14 costs of providing the technical financial assistance required  
15 pursuant to this section, the Department may request an allocation  
16 by the Interim Finance Committee from the Contingency Account  
17 pursuant to NRS 353.266, 353.268 and 353.269 to pay the costs of  
18 providing the technical financial assistance required pursuant to this  
19 section.

20 **Sec. 7.** NRS 354.685 is hereby amended to read as follows:

21 354.685 1. ~~[H]~~ *The Committee may, upon the*  
22 *recommendation of the Executive Director pursuant to subsection*  
23 *2 or at the request of a local government pursuant to subsection 3,*  
24 *conduct one or more hearings to determine whether a severe*  
25 *financial emergency exists in a local government.*

26 2. *The Executive Director may recommend that the*  
27 *Committee conduct one or more hearings to determine whether a*  
28 *severe financial emergency exists in a local government if the*  
29 Department finds that one or more of the following conditions exist  
30 in ~~[any]~~ *the* local government : ~~[, after giving consideration to the~~  
31 ~~severity of the condition, it may determine that one or more hearings~~  
32 ~~should be conducted to determine the extent of the problem and to~~  
33 ~~determine whether a recommendation of severe financial emergency~~  
34 ~~should be made to the Nevada Tax Commission:]~~

35 (a) Required financial reports have not been filed or are  
36 consistently late.

37 (b) The audit report reflects the unlawful expenditure of money  
38 in excess of the amount appropriated in violation of the provisions  
39 of NRS 354.626.

40 (c) The audit report shows funds with deficit fund balances.

41 (d) The local government has incurred debt beyond its ability to  
42 repay.

43 (e) The local government has not corrected violations of statutes  
44 or regulations adopted pursuant thereto as noted in the audit report.



- 1 (f) The local government has serious internal control problems  
2 noted in the audit report which have not been corrected.
- 3 (g) The local government has a record of being late in its  
4 payments for services and supplies.
- 5 (h) The local government has had insufficient cash to meet  
6 required payroll payments in a timely manner.
- 7 (i) The local government has borrowed money or entered into  
8 long-term lease arrangements without following the provisions of  
9 NRS or regulations adopted pursuant thereto.
- 10 (j) The governing body of the local government has failed to  
11 correct problems after it has been notified of such problems by the  
12 Department.
- 13 (k) The local government has not separately accounted for its  
14 individual funds as required by chapter 354 of NRS.
- 15 (l) The local government has invested its money in financial  
16 instruments in violation of the provisions of chapter 355 of NRS.
- 17 (m) The local government is in violation of any covenant in  
18 connection with any debt issued by the local government.
- 19 (n) The local government has not made bond and lease  
20 payments in accordance with the approved payment schedule.
- 21 (o) The local government has failed to control its assets such  
22 that large defalcations have occurred which have impaired the  
23 financial condition of the local government.
- 24 (p) The local government has recognized sizeable losses as a  
25 result of the imprudent investment of money.
- 26 (q) The local government has allowed its accounting system and  
27 recording of transactions to deteriorate to such an extent that it is not  
28 possible to measure accurately the results of operations or to  
29 ascertain the financial position of the local government without a  
30 reconstruction of transactions.
- 31 (r) The local government has consistently issued checks not  
32 covered by adequate deposits.
- 33 (s) The local government has loaned and borrowed money  
34 between funds without following the proper procedures.
- 35 (t) The local government has expended money in violation of  
36 the provisions governing the expenditure of that money.
- 37 (u) Money restricted for any specific use has been expended in  
38 violation of the terms and provisions relating to the receipt and  
39 expenditure of that money.
- 40 (v) Money has been withheld in accordance with the provisions  
41 of NRS 354.665.
- 42 (w) If the local government is a school district, a loan has been  
43 made from the State Permanent School Fund to the school district  
44 pursuant to NRS 387.526.





1 (x) An employer in the county that accounts for more than 15  
2 percent of the employment in the county has closed or significantly  
3 reduced operations.

4 (y) The local government has experienced a cumulative decline  
5 of 10 percent in population or assessed valuation for the past 2  
6 years.

7 (z) The ending balance in the general fund of the local  
8 government has declined for the past 2 years ~~[ ]~~ *or is less than 4*  
9 *percent of the actual expenditures from the general fund of the*  
10 *local government for the immediately preceding fiscal year.*

11 (aa) The local government has failed to pay, in a timely manner,  
12 contributions to the Public Employees' Retirement System,  
13 workers' compensation or payroll taxes or fails to pay, at any time, a  
14 payment required pursuant to the Federal Insurance Contributions  
15 Act ~~[ ]~~

16 ~~—2.]~~, 26 U.S.C. §§ 3101 et seq., or the Federal Unemployment  
17 Tax Act, 26 U.S.C. §§ 3301 et seq.

18 *3. If the governing body of a local government determines by*  
19 *the affirmative vote of a majority of its members that, because the*  
20 *local government is involved in litigation or threatened litigation,*  
21 *a severe financial emergency will exist in the local government,*  
22 *the governing body may submit a request to the Committee to*  
23 *conduct a hearing to determine whether a severe financial*  
24 *emergency exists in the local government.*

25 *4. If the [Department] Committee conducts a hearing*  
26 *pursuant to subsection 2 or 3 and determines that a [condition*  
27 ~~*listed in subsection 1]*~~ *severe financial emergency exists, the*  
28 *Department, on behalf of the Committee, shall:*

29 (a) Notify the local government about the determination;

30 (b) Request from the local government any information that the  
31 Department deems to be appropriate to determine the extent of the  
32 condition; and

33 (c) Require the local government to formulate a plan of  
34 corrective action to mitigate the possible financial emergency.

35 ~~[3.—Within]~~

36 *5. Not later than 45 days after receiving notification pursuant*  
37 *to subsection [2.] 4, a local government shall submit to the*  
38 *Committee any information requested by the Department and a plan*  
39 *of corrective action.*

40 ~~[4.—The]~~

41 *6. If the Committee determines that a severe financial*  
42 *emergency exists pursuant to subsection 4, the Committee shall:*

43 (a) Review ~~[a]~~ *the plan of corrective action submitted by a local*  
44 *government [ ] pursuant to paragraph (c) of subsection 4;*



1 (b) Provide observations and recommendations for the local  
2 government; and

3 (c) If the Committee deems necessary, periodically review the  
4 status of *and conduct additional hearings to review* the financial  
5 operations of the local government.

6 ~~[5. The Department shall report the observations and~~  
7 ~~recommendations of the Committee to the Nevada Tax Commission.~~

8 ~~—6.]~~ 7. In addition to any notice otherwise required, the  
9 Department shall give notice of any hearing held pursuant to  
10 ~~[subsection 4]~~ *this section* to the governing body of each local  
11 government whose jurisdiction overlaps with , *or in the case of a*  
12 *city, whose jurisdiction is contiguous to*, the jurisdiction of the local  
13 government whose financial condition will be considered ~~[at least]~~  
14 *not less than* 10 days before the date on which the hearing will be  
15 held.

16 ~~[7.]~~ 8. If the ~~[Department,]~~ *Committee*, following ~~[the]~~ *a*  
17 hearing ~~[or hearings,]~~ *conducted pursuant to this section*,  
18 determines that a ~~[recommendation of]~~ severe financial emergency  
19 ~~[should be made to the Nevada Tax Commission, it]~~ *exists in a*  
20 *local government, the Committee* shall , ~~[make such a~~  
21 ~~recommendation]~~ as soon as practicable ~~[. Upon receipt of such a~~  
22 ~~recommendation, the Nevada Tax]~~ , *provide notice of its findings,*  
23 *including any recommendations of the Committee, to the*  
24 *Commission.*

25 9. The Commission shall , *upon receiving a notice and any*  
26 *recommendations from the Committee pursuant to subsection 8,*  
27 hold a hearing at which the Department ~~[.]~~ *and the Committee must*  
28 *recommend a course of action to mitigate the financial conditions*  
29 *that are the cause of the severe financial emergency which exists*  
30 *in the local government. The Commission shall afford the* local  
31 government whose financial condition will be considered and each  
32 local government whose jurisdiction overlaps with , *or in the case*  
33 *of a city, whose jurisdiction is contiguous to*, the jurisdiction of the  
34 local government whose financial condition will be considered ~~[are~~  
35 ~~afforded]~~ an opportunity to be heard. If, after the hearing, the  
36 ~~[Nevada Tax]~~ Commission determines that a severe financial  
37 emergency exists, ~~[it]~~ *the Commission* shall ~~[require by]~~ *issue an*  
38 order ~~[that]~~ *requiring the local government to follow a remedial*  
39 *course of action and requiring* the Department *to* take over the  
40 management of the local government as soon as practicable.

41 ~~[8.—As used in this section, “Federal Insurance Contributions~~  
42 ~~Act” means subchapter A of chapter 9 of the Internal Revenue Code~~  
43 ~~of 1939 and subchapters A and B of chapter 21 of the Internal~~  
44 ~~Revenue Code of 1954, as such codes have been and may from time~~  
45 ~~to time be amended.]~~



1 **Sec. 8.** NRS 354.695 is hereby amended to read as follows:

2 354.695 1. As soon as practicable after taking over the  
3 management of a local government, the Department shall, with the  
4 approval of the Committee:

5 (a) Establish and implement a management policy and a  
6 financing plan for the local government;

7 (b) Provide for the appointment of a financial manager for the  
8 local government who is qualified to manage the fiscal affairs of the  
9 local government;

10 (c) Provide for the appointment of any other persons necessary  
11 to enable the local government to provide the basic services for  
12 which it was created in the most economical and efficient manner  
13 possible;

14 (d) Establish an accounting system and separate accounts in a  
15 bank or credit union, if necessary, to receive and expend all money  
16 and assets of the local government;

17 (e) Impose such hiring restrictions as deemed necessary ; ~~after~~  
18 ~~considering the recommendations of the financial manager;~~

19 (f) Negotiate and approve all contracts entered into by or on  
20 behalf of the local government before execution and enter into such  
21 contracts on behalf of the local government as the Department  
22 deems necessary;

23 (g) ~~[Negotiate and approve]~~ *Except as otherwise provided in*  
24 *subsection 2, assume all the rights and obligations of the local*  
25 *government under any* collective bargaining contracts ~~[to be]~~  
26 entered into by the local government ; ~~[-, except issues submitted to a~~  
27 ~~fact finder whose findings and recommendations are final and~~  
28 ~~binding pursuant to the provisions of the Local Government~~  
29 ~~Employee Management Relations Act;]~~

30 (h) Approve all expenditures of money from any fund or  
31 account and all transfers of money from one fund to another;

32 (i) Employ such technicians as are necessary for the  
33 improvement of the financial condition of the local government;

34 (j) Meet with the creditors of the local government and  
35 formulate a debt liquidation program ~~[-]~~ *that may include, without*  
36 *limitation, the adjustment of bonded indebtedness by the exchange*  
37 *of existing bonds for new bonds with a later maturity date and a*  
38 *different interest rate;*

39 (k) If the Department has taken over the management of a local  
40 government because the local government is involved in litigation or  
41 threatened litigation, carry out the duties ~~[set forth in NRS 354.701,~~  
42 ~~if the provisions of that section are applicable;]~~ *of the Department*  
43 *pursuant to subsection 2 of NRS 31.010;*

44 (l) Approve the issuance of bonds or other forms of  
45 indebtedness by the local government;



1 (m) Discharge any of the outstanding debts and obligations of  
2 the local government; and

3 (n) Take any other actions necessary to ensure that the local  
4 government provides the basic ~~[services]~~ *functions* for which it was  
5 created in the most economical and efficient manner possible.

6 2. *The Department may, after taking over the management of*  
7 *a local government and with the approval of the Committee,*  
8 *suspend in whole or in part any collective bargaining agreement*  
9 *of the local government until the Department's management of*  
10 *the local government ceases or is terminated.*

11 3. The Department may provide for reimbursement from the  
12 local government for the expenses the Department incurs in  
13 managing the local government. If such reimbursement is not  
14 possible, the Department may request an allocation by the Interim  
15 Finance Committee from the Contingency Account pursuant to NRS  
16 353.266, 353.268 and 353.269.

17 ~~[3-]~~ 4. The governing body of a local government which is  
18 being managed by the Department pursuant to this section may  
19 make recommendations to the Department or the financial manager  
20 concerning the management of the local government.

21 ~~[4-]~~ 5. Each state agency, board, department, commission,  
22 committee or other entity of the State shall provide such technical  
23 *financial* assistance concerning the management of the local  
24 government as is requested by the Department.

25 ~~[5-]~~ 6. The Department may delegate any of the powers and  
26 duties imposed by this section to the financial manager appointed  
27 pursuant to paragraph (b) of subsection 1.

28 ~~[6-]~~ *A financial manager acting within the scope of his or her*  
29 *delegation pursuant to this subsection is responsible only to the*  
30 *Department for his or her actions.*

31 7. Except as otherwise provided in NRS 354.723 and 450.760,  
32 once the Department has taken over the management of a local  
33 government pursuant to the provisions of subsection 1, that  
34 management may only be terminated pursuant to NRS 354.725.

35 **Sec. 9.** NRS 354.705 is hereby amended to read as follows:

36 354.705 1. As soon as practicable after the Department takes  
37 over the management of a local government, the Executive Director  
38 shall ~~[1-]~~ *prepare a plan of revenue enhancement and expense*  
39 *mitigation, for consideration by the Committee, that will lead to*  
40 *sustainable financial stability for the local government. In*  
41 *preparing the plan, the Executive Director shall:*

42 (a) Determine the total amount of expenditures necessary to  
43 allow the local government to perform the basic functions for which  
44 it was created ~~[1-]~~ *, with priority given to public safety and the*  
45 *maintenance of roads and highways;*



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

3 (c) Consider any alternative sources of revenue available to the  
4 local government.

5 2. ~~[[f-the]]~~ *The* Executive Director *shall submit the plan*  
6 *prepared pursuant to subsection 1 to the Committee. If the*  
7 *Committee* determines that the available revenue *of the local*  
8 *government* is not sufficient to provide for the payment of required  
9 debt service and operating expenses ~~[[ ]]~~ *pursuant to* the ~~[[Executive~~  
10 ~~Director may submit his or her findings to]]~~ *plan*, the Committee  
11 ~~[[who shall review the determinations made by the Executive~~  
12 ~~Director. If the Committee determines that additional revenue is~~  
13 ~~needed, it shall prepare]]~~ *shall submit* a ~~[[recommendation]]~~ *revised*  
14 *plan* to the ~~[[Nevada Tax]]~~ Commission as to which one or more of  
15 the following additional taxes or charges should be imposed by the  
16 local government:

17 (a) The levy of a property tax up to a rate which when combined  
18 with all other overlapping rates levied in the State does not exceed  
19 \$4.50 on each \$100 of assessed valuation.

20 (b) An additional tax on transient lodging at a rate not to exceed  
21 1 percent of the gross receipts from the rental of transient lodging  
22 within the boundaries of the local government upon all persons in  
23 the business of providing lodging. Any such tax must be collected  
24 and administered in the same manner as all other taxes on transient  
25 lodging are collected by or for the local government.

26 (c) Additional service charges appropriate to the local  
27 government.

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

30 (1) An additional tax on the gross receipts from the sale or  
31 use of tangible personal property not to exceed one-quarter of 1  
32 percent throughout the county. The ordinance imposing any such tax  
33 must:

34 (I) Include provisions in substance which comply with the  
35 requirements of subsections 2 to 5, inclusive, of NRS 377A.030.  
36 The ordinance shall be deemed to require the remittance of the tax  
37 to the Department and the distribution of the tax to the local  
38 government in the same manner as that provided in NRS 377A.050.

39 (II) Specify the date on which the tax must first be  
40 imposed or on which a change in the rate of the tax becomes  
41 effective, which must be the first day of the first calendar quarter  
42 that begins at least 120 days after the effective date of the ordinance.

43 (2) An additional governmental services tax of not more than  
44 1 cent on each \$1 of valuation of the vehicle for the privilege of  
45 operating upon the public streets, roads and highways of the county



1 on each vehicle based in the county except those vehicles exempt  
2 from the governmental services tax imposed pursuant to chapter 371  
3 of NRS or a vehicle subject to NRS 706.011 to 706.861, inclusive,  
4 which is engaged in interstate or intercounty operations. As used in  
5 this subparagraph, “based” has the meaning ascribed to it in  
6 NRS 482.011.

7 3. Upon receipt of the plan from the Committee, a panel  
8 consisting of three members of the ~~[Nevada Tax]~~ Commission  
9 appointed by the ~~[Nevada Tax]~~ Commission and three members of  
10 the Committee appointed by the Committee shall hold a public  
11 hearing at a location within the boundaries of the local government  
12 in which the severe financial emergency exists after giving public  
13 notice of the hearing ~~[at least]~~ *of not less than* 10 days before the  
14 date on which the hearing will be held. In addition to the public  
15 notice, the panel shall give notice to the governing body of each  
16 local government whose jurisdiction overlaps with , *or in the case*  
17 *of a city, whose jurisdiction is contiguous to*, the jurisdiction of the  
18 local government in which the severe financial emergency exists.

19 4. After the public hearing conducted pursuant to subsection 3,  
20 the ~~[Nevada Tax]~~ Commission may adopt the plan as submitted or  
21 adopt a revised plan. *If the Commission adopts a revised plan, the*  
22 *revised plan must be approved by the members of the Committee*  
23 *serving on the panel described in subsection 3.* Any plan adopted  
24 pursuant to this section must include the duration for which any new  
25 or increased taxes or charges may be collected which must not  
26 exceed 5 years.

27 5. Upon adoption of the plan by the ~~[Nevada Tax]~~  
28 Commission, the local government in which the severe financial  
29 emergency exists shall impose or cause to be imposed the additional  
30 taxes and charges included in the plan for the duration stated in the  
31 plan or until the severe financial emergency has been determined by  
32 the ~~[Nevada Tax Commission]~~ *Committee* to have ceased to exist.  
33 *Any levy of additional property tax applies to all taxpayers,*  
34 *regardless of whether the taxes previously imposed have been*  
35 *partially or fully paid pursuant to NRS 361.483.*

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

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

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



1     **Sec. 10.** NRS 354.715 is hereby amended to read as follows:

2     354.715   **1.** If a local government *or any officer or employee*  
3 *of the local government* fails to comply with any request made by  
4 the Department pursuant to NRS 354.695, the Department may  
5 apply to the district court to compel compliance.

6     **2.** *In any proceeding brought pursuant to subsection 1, the*  
7 *Department may seek a declaration by the district court that the*  
8 *failure to comply with the request of the Department was willful. A*  
9 *willful failure to comply by any:*

10    (a) *Officer of the local government works a forfeiture of his or*  
11 *her office.*

12    (b) *Employee of the local government is grounds for dismissal*  
13 *from his or her employment.*

14    **3.** *Any officer or employee of the local government who*  
15 *willfully fails to comply with any request made by the Department*  
16 *pursuant to NRS 354.695 is guilty of a gross misdemeanor.*

17     **Sec. 11.** NRS 354.721 is hereby amended to read as follows:

18     354.721   **1.** The Severe Financial Emergency Fund is hereby  
19 created in the State Treasury as a revolving fund. The Executive  
20 Director shall administer the Fund.

21     **2.** The money in the Fund must be invested as other state funds  
22 are invested. Any interest and income earned on the money in the  
23 Fund must, after deducting any applicable charges, be credited to  
24 the Fund.

25     **3.** Money in the Severe Financial Emergency Fund may be:

26     (a) Distributed by the Executive Director as a loan to a local  
27 government for the purpose of paying the operating expenses of the  
28 local government until the local government receives revenues if:

29       (1) The Department takes over the management of a local  
30 government pursuant to NRS 354.685 to 354.725, inclusive;

31       (2) The Executive Director determines that a loan from the  
32 Severe Financial Emergency Fund is necessary to pay the operating  
33 expenses of the local government; and

34       (3) The local government adopts a resolution in which the  
35 local government agrees to:

36           (I) Use the money only for the purpose of paying the  
37 operating expenses of the local government until the local  
38 government receives revenues; and

39           (II) Repay the entire amount of the loan, without any  
40 interest, to the Severe Financial Emergency Fund as soon as  
41 practicable, but not later than ~~H2~~ 24 months after the date on which  
42 the resolution is adopted.

43     (b) Used for any other purpose authorized by the Legislature.

44     **4.** A loan approved by the Executive Director must be repaid as  
45 soon as practicable by the local government, but the duration of the





1 loan must not exceed ~~12~~ 24 months after the date on which the  
2 loan was made. The Executive Director shall not charge interest on  
3 a loan made pursuant to this section.

4 5. The Executive Director shall report to the Committee ~~on~~  
5 ~~Local Government Finance~~ and to the ~~Nevada Tax~~ Commission  
6 as soon as practicable after the date that the loan is approved  
7 concerning:

8 (a) The status of the loan;

9 (b) The purposes for which the local government will use the  
10 money from the loan; and

11 (c) The resources that the local government will use to repay the  
12 loan.

13 **Sec. 12.** NRS 354.723 is hereby amended to read as follows:

14 354.723 1. If the Executive Director determines that a severe  
15 financial emergency which exists in a local government under  
16 management by the Department is unlikely to cease to exist within 3  
17 years, the Executive Director shall determine:

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

21 (b) The manner in which the services provided by the local  
22 government must be limited to ensure a balanced budget for the  
23 local government,

24 ↪ and submit his or her findings to the Committee.

25 2. The Committee shall review the findings submitted by the  
26 Executive Director pursuant to subsection 1. If the Committee  
27 determines that the severe financial emergency which exists in the  
28 local government is unlikely to cease to exist within 3 years and that  
29 the findings made by the Executive Director are appropriate, the  
30 Committee shall submit its recommendation *and findings* to the  
31 ~~Nevada Tax~~ Commission. *The Committee may recommend:*

32 (a) *That the county absorb the local government;*

33 (b) *Disincorporation or dissolution of the local government; or*

34 (c) *Any other action or remedy that the Committee deems*  
35 *appropriate.*

36 ↪ If the Committee determines that the financial emergency is  
37 likely to cease to exist within 3 years, that decision is not subject to  
38 review by the ~~Nevada Tax~~ Commission.

39 3. The ~~Nevada Tax~~ Commission shall schedule a public  
40 hearing ~~within~~ *not later than* 30 days after the Committee submits  
41 its recommendation ~~and~~ *and findings*. The ~~Nevada Tax~~  
42 Commission shall provide public notice of the hearing ~~at least~~ *not*  
43 *less than* 10 days before the date on which the hearing will be held.  
44 The Executive Director shall provide copies of all documents  
45 relevant to the recommendation *and findings* of the Committee to





1 the governing body of the local government *existing* in *a* severe  
2 financial emergency.

3 4. If, after the public hearing, the ~~[Nevada-Tax]~~ Commission  
4 ~~[determines that]~~ *adopts* the recommendation *and findings* of the  
5 Committee ~~[is appropriate.]~~, *the Commission may:*

6 (a) *Require the submission of* a question ~~[must be submitted]~~ to  
7 the electors of the local government at the next primary or general  
8 municipal election or primary or general state election, as  
9 applicable, asking whether the local government should be  
10 disincorporated or dissolved ~~[ ]~~; *or*

11 (b) *Require the local government to take any other remedial*  
12 *action in accordance with the recommendation and findings of the*  
13 *Committee.*

14 5. If the electors of the local government do not approve the  
15 disincorporation or dissolution of the local government:

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

19 (b) Any other taxes or mandatory assessments levied in the local  
20 government, notwithstanding any limitation on those taxes or  
21 assessments provided by statute, must be raised in an amount the  
22 ~~[Nevada-Tax]~~ Commission determines is necessary to ensure a  
23 balanced budget for the local government; and

24 (c) The services provided by the local government must be  
25 limited in a manner the ~~[Nevada-Tax]~~ Commission determines is  
26 necessary to ensure a balanced budget for the local government.

27 ~~[5.]~~ 6. If the electors of the local government approve the  
28 disincorporation or dissolution of a local government that is:

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

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

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



1 local government. Any other liabilities and any remaining assets  
2 shall revert to the entity that created the local government which is  
3 being disincorporated or dissolved.

4 (b) Created by a special or local act of the Legislature, it may  
5 only be disincorporated or dissolved by the Legislature. The  
6 Executive Director shall submit notification of the vote approving  
7 the disincorporation or dissolution of the local government to the  
8 Director of the Legislative Counsel Bureau for transmittal to the  
9 Legislature. At the first opportunity, the Legislature shall consider  
10 the question of whether the special or local act will be repealed.

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

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

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

36 ~~[6.—Within]~~

37 **7. Not later than 10 days after the ~~[Nevada Tax]~~ Commission**  
38 **~~[makes a determination]~~ requires the submission of a question to**  
39 ***the electors to disincorporate or dissolve a local government***  
40 pursuant to subsection 4, the Executive Director shall notify:

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

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

43 ➔ and provide the clerk with the amount any tax or mandatory  
44 assessment levied by the local government must be raised and a  
45 description of the manner in which the services provided by the



1 local government must be limited to ensure a balanced budget for  
2 the local government.

3 ~~[7.]~~ 8. After the Executive Director notifies the city clerk or  
4 the county clerk, as applicable, pursuant to subsection ~~[6.]~~ 7, the  
5 clerk shall cause to be published in a newspaper of general  
6 circulation that is printed in the local government a notice of the  
7 election once in each calendar week for 2 successive calendar weeks  
8 by two weekly insertions a week apart, the first publication to be not  
9 more than 30 days nor less than 22 days next preceding the date of  
10 the election. If no newspaper is printed in the local government,  
11 publication of the notice of election must be made in a newspaper  
12 printed in this State and having a general circulation in the local  
13 government.

14 ~~[8.]~~ 9. The notice required pursuant to subsection ~~[7.]~~ 8 must  
15 contain the following information:

16 (a) That the ~~[Nevada Tax]~~ Commission has determined that the  
17 severe financial emergency which exists in the local government is  
18 unlikely to cease to exist within 3 years;

19 (b) That the question of whether the local government should be  
20 disincorporated or dissolved will be submitted to the electors of the  
21 local government at the next primary or general municipal election  
22 or the next primary or general state election, as applicable; and

23 (c) That if the electors do not approve the disincorporation or  
24 dissolution:

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

28 (2) Any taxes or mandatory assessment levied in the local  
29 government will be raised to ensure a balanced budget for the local  
30 government and the amount by which those taxes or mandatory  
31 assessments will be raised; and

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

35 ~~[9.]~~ 10. If any provisions providing generally for the  
36 disincorporation or dissolution of the local government require that  
37 the question of disincorporating or dissolving be published or  
38 submitted to a vote of the electors of the local government, the  
39 publication required by subsection 3 and the election required by  
40 subsection 4 satisfy those requirements. If:

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

44 (b) The provisions providing generally for the disincorporation  
45 or dissolution of a local government provide additional rights to



1 protest the disincorporation or dissolution of a local government not  
2 provided by this section,

3 ↪ the provisions of this section control a disincorporation or  
4 dissolution pursuant to this section and any person wishing to  
5 protest such a disincorporation or dissolution must proceed in  
6 accordance with the provisions of this section.

7 ~~[H0.]~~ **11.** As used in this section, “local government” does not  
8 include a county, a school district or any agency or department of a  
9 county or city which prepares a budget separate from that of the  
10 parent political subdivision.

11 **Sec. 13.** NRS 354.725 is hereby amended to read as follows:

12 354.725 1. The ~~[Nevada-Tax]~~ Commission may, on its own  
13 motion or at the request of a local government ~~[.]~~ *or the Committee,*  
14 terminate the management of a local government by the Department  
15 at any time upon a finding that the severe financial emergency has  
16 ceased to exist.

17 2. The governing body of a local government which has  
18 complied with all requests made by the Department pursuant to  
19 NRS 354.695 may petition the ~~[Nevada-Tax]~~ Commission for  
20 termination or modification of the management of the local  
21 government by the Department or of any request made by the  
22 Department pursuant to NRS 354.695.

23 3. *The Commission shall not terminate or modify the*  
24 *management of a local government pursuant to subsection 1 or 2*  
25 *without first obtaining a recommendation from the Committee as*  
26 *to the termination or modification.*

27 4. The ~~[Nevada-Tax]~~ Commission shall provide notice, a  
28 hearing and a written decision on each such petition.

29 ~~[4.]~~ 5. In determining whether a condition of severe financial  
30 emergency should be terminated, the ~~[Nevada-Tax]~~ Commission  
31 shall give consideration to the following:

32 (a) The local governing body has shown a desire and capability  
33 to manage the financial affairs of the local government in  
34 accordance with the provisions of NRS.

35 (b) The local government has staff available with sufficient  
36 financial expertise that they can adequately control the finances of  
37 the local government.

38 (c) All violations of statutes have been corrected.

39 (d) The local government has no funds with deficit fund  
40 balances.

41 (e) The local government has increased ~~[their]~~ *its* revenues or  
42 made appropriate expenditure reductions so that it is anticipated  
43 ~~[they]~~ *that it* can operate for the next fiscal year in a positive cash  
44 and fund balance position ~~[.]~~ *without imposing any increased or*  
45 *additional tax pursuant to NRS 354.705.*



1 (f) The governing body has expressed a determination through a  
2 resolution submitted to the Department ~~[of Taxation]~~ to manage  
3 ~~[their]~~ *the* affairs *of the local government* in accordance with *the*  
4 *provisions of* NRS relating to financial matters and utilizing sound  
5 accounting and financial management practices.

6 ~~[5.]~~ 6. The ~~[Nevada Tax]~~ Commission may require the  
7 governing body to submit special reports to the Department for a  
8 period not to exceed 5 years as a condition of terminating the  
9 management of the local government by the Department.

10 ~~[6.]~~ 7. When a petition relating to a specific request is denied,  
11 the governing body may not resubmit a petition to terminate or  
12 modify that request until 3 months following the date of denial.

13 **Sec. 14.** NRS 31.010 is hereby amended to read as follows:

14 31.010 1. Except as otherwise provided in subsection 2, the  
15 plaintiff at the time of issuing the summons, or at any time  
16 thereafter, may apply to the court for an order directing the clerk to  
17 issue a writ of attachment and thereby cause the property of the  
18 defendant to be attached as security for the satisfaction of any  
19 judgment that may be recovered, unless the defendant gives security  
20 to pay such judgment as provided in this chapter.

21 2. If the Department of Taxation has taken over the  
22 management of a local government *at the request of the local*  
23 *government* pursuant to ~~[the provisions of NRS 354.686,]~~  
24 *subsection 3 of NRS 354.685*, and if a plaintiff is allowed by law to  
25 apply to a court for an order directing the clerk to issue a writ of  
26 attachment, the ~~[plaintiff must comply with the applicable~~  
27 ~~provisions of NRS 354.701 before applying for such an order.]~~  
28 *action must be stayed until the following conditions have been*  
29 *satisfied:*

30 (a) *The plaintiff must meet with the Department to formulate a*  
31 *program for the liquidation of the debt owed by the local*  
32 *government to the plaintiff; and*

33 (b) *The Department must adopt a program for the liquidation*  
34 *of the debt owed by the local government to the plaintiff as*  
35 *described in paragraph (a). The Department shall formulate the*  
36 *program not later than 60 days after meeting with the plaintiff*  
37 *pursuant to paragraph (a). The formulation of the program is a*  
38 *final decision for the purposes of judicial review.*

39 **Sec. 15.** NRS 361.4726 is hereby amended to read as follows:

40 361.4726 1. Except as otherwise provided by specific statute,  
41 if any legislative act which becomes effective after April 6, 2005,  
42 imposes a duty on a taxing entity to levy a new ad valorem tax or to  
43 increase the rate of an existing ad valorem tax, the amount of the  
44 new tax or increase in the rate of the existing tax is exempt from



1 each partial abatement from taxation provided pursuant to NRS  
2 361.4722, 361.4723 and 361.4724.

3 2. The amount of any tax imposed pursuant to NRS **354.705**  
4 **and** 387.3288 is exempt from each partial abatement from taxation  
5 provided pursuant to NRS 361.4722, 361.4723 and 361.4724.

6 3. For the purposes of this section, "taxing entity" does not  
7 include the State.

8 **Sec. 16.** NRS 450.090 is hereby amended to read as follows:

9 450.090 1. In any county whose population is 700,000 or  
10 more, the board of county commissioners is, ex officio, the board of  
11 hospital trustees, and the county commissioners shall serve as  
12 hospital trustees during their terms of office as county  
13 commissioners.

14 2. In any county whose population is less than 700,000, the  
15 board of county commissioners may enact an ordinance providing  
16 that the board of county commissioners is, ex officio, the board of  
17 hospital trustees. If such an ordinance is enacted in a county:

18 (a) The county commissioners shall serve as hospital trustees  
19 during their terms of office as county commissioners; and

20 (b) If hospital trustees have been elected pursuant to NRS  
21 450.070 and 450.080, the term of office of each hospital trustee who  
22 is serving in that capacity on the effective date of the ordinance is  
23 terminated as of the effective date of the ordinance.

24 3. A board of county commissioners shall not enact an  
25 ordinance pursuant to subsection 2 unless it determines that:

26 (a) The county has fully funded its indigent care account created  
27 pursuant to NRS 428.010;

28 (b) The county has fulfilled its duty to reimburse the hospital for  
29 indigent care provided to qualified indigent patients; and

30 (c) During the previous calendar year:

31 (1) At least one of the hospital's accounts payable was more  
32 than 90 days in arrears;

33 (2) The hospital failed to fulfill its statutory financial  
34 obligations, such as the payment of taxes, premiums for industrial  
35 insurance or contributions to the Public Employees' Retirement  
36 System;

37 (3) One or more of the conditions relating to financial  
38 emergencies set forth in subsection ~~H~~ 2 of NRS 354.685 existed at  
39 the hospital; or

40 (4) The hospital received notice from the Federal  
41 Government or the State of Nevada that the certification or licensure  
42 of the hospital was in imminent jeopardy of being revoked because  
43 the hospital had not carried out a previously established plan of  
44 action to correct previously noted deficiencies found by the  
45 regulatory body.



1 4. Except in counties where the board of county commissioners  
2 is the board of hospital trustees, in any county whose population is  
3 100,000 or more but less than 700,000, the board of hospital trustees  
4 for the public hospital must be composed of the five regularly  
5 elected or appointed members, and, in addition, three county  
6 commissioners selected by the chair of the board of county  
7 commissioners shall serve as voting members of the board of  
8 hospital trustees during their terms of office as county  
9 commissioners.

10 5. Except in counties where the board of county commissioners  
11 is the board of hospital trustees, in any county whose population is  
12 less than 100,000, the board of hospital trustees for the public  
13 hospital must be composed of the five regularly elected or appointed  
14 members, and, in addition, the board of county commissioners may,  
15 by resolution, provide that:

16 (a) One county commissioner selected by the chair of the board  
17 of county commissioners shall serve as a voting member of the  
18 board of hospital trustees during his or her term of office as county  
19 commissioner;

20 (b) A physician who is the chief of the staff of physicians for the  
21 public hospital shall serve as a voting member of the board of  
22 hospital trustees; or

23 (c) Both a county commissioner appointed pursuant to the  
24 provisions of paragraph (a) and a physician appointed pursuant to  
25 the provisions of paragraph (b) shall serve as voting members of the  
26 board of hospital trustees.

27 ➤ The term of office of a member appointed pursuant to the  
28 provisions of paragraph (b) is 2 years and begins on the date the  
29 board of county commissioners appoints the member.

30 **Sec. 17.** NRS 450.620 is hereby amended to read as follows:

31 450.620 1. Except as otherwise provided in subsection 2 and  
32 NRS 450.625, if a hospital district is created pursuant to NRS  
33 450.550 to 450.750, inclusive, the board of county commissioners  
34 shall provide by ordinance for:

35 (a) The number of members of the board of trustees;

36 (b) The term of office of the trustees, which must not exceed 4  
37 years; and

38 (c) The times and manner of the election of the trustees, which  
39 must be nonpartisan.

40 2. If a hospital district specified in subsection 1 does not  
41 include territory within more than one county, the board of county  
42 commissioners may enact an ordinance providing that the board of  
43 county commissioners is, ex officio, the board of hospital trustees of  
44 the district hospital. If such an ordinance is enacted in a county:



1 (a) The county commissioners shall serve as the hospital trustees  
2 of the district hospital during their terms of office as county  
3 commissioners; and

4 (b) If hospital trustees have been elected pursuant to subsection  
5 1, the term of office of each hospital trustee of the district hospital  
6 who is serving in that capacity on the effective date of the ordinance  
7 is terminated as of the effective date of the ordinance.

8 3. Except as otherwise provided in NRS 450.710, a board of  
9 county commissioners shall not enact an ordinance pursuant to  
10 subsection 2 unless it determines that:

11 (a) The county has fully funded its indigent care account created  
12 pursuant to NRS 428.010;

13 (b) The county has fulfilled its duty to reimburse the hospital for  
14 indigent care provided to qualified indigent patients; and

15 (c) During the previous calendar year:

16 (1) At least one of the hospital's accounts payable was more  
17 than 90 days in arrears;

18 (2) The hospital failed to fulfill its statutory financial  
19 obligations, including the payment of taxes, premiums for industrial  
20 insurance or contributions to the Public Employees' Retirement  
21 System;

22 (3) One or more of the conditions relating to financial  
23 emergencies set forth in subsection ~~H~~ 2 of NRS 354.685 existed at  
24 the hospital; or

25 (4) The hospital received notice from the Federal  
26 Government or the State of Nevada that the certification or license  
27 of the hospital was in imminent jeopardy of being revoked because  
28 the hospital had not carried out a previously established plan of  
29 action to correct previously noted deficiencies found by the  
30 regulatory body.

31 **Sec. 18.** The Committee on Local Government Finance shall,  
32 at its next regular meeting after the effective date of this act, elect  
33 from among its members a Chair and Vice Chair pursuant to NRS  
34 354.105, as amended by section 1 of this act.

35 **Sec. 19.** NRS 354.686 and 354.701 are hereby repealed.

36 **Sec. 20.** This act becomes effective upon passage and  
37 approval.





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**TEXT OF REPEALED SECTIONS**

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**354.686 Severe financial emergency: Request by local government involved in litigation or threatened litigation for order that Department of Taxation take over management of local government; issuance of order.**

1. If the governing body of a local government determines by the affirmative vote of a majority of its members that, because the local government is involved in litigation or threatened litigation, the local government is or will be in a severe financial emergency, the governing body may submit a request to the Nevada Tax Commission for an order that the Department, as soon as practicable, take over the management of the local government pursuant to the provisions of NRS 354.655 to 354.725, inclusive.

2. If the Nevada Tax Commission receives a request pursuant to subsection 1, the Nevada Tax Commission shall order the Department to take over the management of the local government.

**354.701 Severe financial emergency: Stay of action by creditor of local government for attachment, garnishment or execution until adoption of program for liquidation of debt.** If the Department takes over the management of a local government because the local government is involved in litigation or threatened litigation and if a creditor of the local government is allowed by law to commence or maintain an action in the nature of an attachment, garnishment or execution in the courts of this State against the local government or its assets, the action must be stayed until the following conditions have been satisfied:

1. The creditor must meet with the Department to formulate a program for the liquidation of the debt owed by the local government to that creditor; and

2. The Department must adopt a program for the liquidation of the debt owed by the local government to the creditor as described in subsection 1. The Department shall formulate the program not later than 60 days after meeting with the creditor pursuant to subsection 1. The formulation of the program is a final decision for the purposes of judicial review.







