

ASSEMBLY BILL NO. 54—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE DEPARTMENT OF TAXATION)

FILED 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.

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 generally provide for the withholding of
16 certain payments to which a local government may otherwise be entitled for failing



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17 to file certain financial reports or to make certain payments to the Public
18 Employees' Benefits Program. **Section 6** of this bill requires the Department, upon
19 making a determination that certain financial conditions exist in a local government
20 and after giving consideration to the severity of each such condition, to place the
21 local government under a program of monitoring. **Section 7** of this bill establishes
22 the process by which the Committee and the Commission determine that a local
23 government exists in a severe financial emergency and requires the Commission,
24 upon making such a determination, to order the local government to follow a
25 remedial course of action. **Section 8** of this bill revises the duties of the Department
26 upon taking over the management of a local government found to exist in a severe
27 financial emergency, including requiring the Department to: (1) negotiate and
28 approve employment contracts of the local government; (2) open and renegotiate,
29 or assist the local government in renegotiating, existing collective bargaining
30 agreements and employment contracts; and (3) meet and negotiate in good faith
31 with creditors of the local government. **Section 9** of this bill provides for the
32 creation and adoption by the Commission of a remedial plan of action to increase
33 the revenues and reduce the expenditures of the local government. The plan may
34 provide for the imposition of additional taxes by the local government, which taxes,
35 pursuant to **section 15** of this bill, are not subject to certain abatements and other
36 limitations. **Section 9** further requires the Department to prepare and submit to the
37 Legislature a report relating to local governments existing in a severe financial
38 emergency. **Section 11** of this bill authorizes the distribution of money in the
39 Severe Financial Emergency Fund to a local government as a loan for the purpose
40 of discharging the general obligations of the local government. **Section 11** further
41 extends the period within which a local government may repay certain interest-free
42 loans distributed by the Executive Director of the Department to the local
43 government from the Fund. **Section 12** of this bill authorizes the Commission to
44 require a local government that is found to exist in a severe financial emergency to
45 take remedial action in accordance with the recommendations of the Committee.
46 **Section 13** of this bill prohibits the Commission from terminating or modifying the
47 management of a local government by the Department without first obtaining a
48 recommendation from the Committee.

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.*



1 5. ~~{All vacancies}~~ *A vacancy* must be filled as soon as
2 practicable by the appointing authority of the person who vacated
3 the seat.

4 6. If any of the associations listed in subsection 2 cease to
5 exist, the appointments required by subsection 2 must be made by
6 the association's successor in interest or, if there is no successor in
7 interest, one each by the other appointing authorities.

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

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

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

17 10. *Members of the Committee serve without compensation,*
18 *except that for each day or portion of a day during which a*
19 *member of the Committee attends a meeting of the Committee or is*
20 *otherwise engaged in the business of the Committee, the member*
21 *is entitled to receive the per diem allowance and travel expenses*
22 *provided for state officers and employees generally.*

23 11. *The Department of Taxation shall provide administrative*
24 *support to the Committee.*

25 **Sec. 2.** NRS 354.655 is hereby amended to read as follows:

26 354.655 As used in NRS 354.655 to 354.725, inclusive, unless
27 the context requires otherwise:

28 1. *"Basic function" means an activity of a local government*
29 *for the purpose of accomplishing a primary service or function of*
30 *the local government, including, without limitation, those services*
31 *and functions relating to general governance, public safety, public*
32 *works, public health, public welfare and judicial services or*
33 *functions for which the local government is responsible.*

34 2. *"Commission" means the Nevada Tax Commission.*

35 3. *"Committee" means the Committee on Local Government*
36 *Finance.*

37 ~~{2-}~~ 4. *"Department" means the Department of Taxation.*

38 ~~{3-}~~ 5. *"Executive Director" means the Executive Director of*
39 *the Department.* ~~{of Taxation-}~~

40 ~~—4-}~~ 6. *"Fiscal watch" means the monitoring of a local*
41 *government pursuant to a notice issued pursuant to subsection 1*
42 *of NRS 354.675.*

43 7. *"Holder" includes, without limitation, any owner or other*
44 *person described in NRS 350.530, a trustee, guarantor, insurer and*
45 *and credit enhancer, and a bank that issues a letter of credit.*



1 8. "Local government" means any local government subject to
2 the provisions of the Local Government Budget and Finance Act.

3 ~~5. The~~

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

9 10. The words and terms defined in the Local Government
10 Budget and Finance Act have the meanings ascribed to them in that
11 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 , ~~for or~~ 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 ~~+~~ , *except that the State*
18 *Treasurer shall not withhold any payment necessary for the local*
19 *government to make a timely payment that is due and owing to a*
20 *holder.*

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

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

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



1 withhold that amount from the payment or any future payment as
2 necessary until the State Treasurer is notified by the Executive
3 Director that the delinquent payment has been received by the
4 Department ~~H~~, *except that the State Treasurer shall not withhold*
5 *any payment necessary for the local government to make a timely*
6 *payment that is due and owing to a holder.* The Department shall
7 transmit the delinquent payment to the Public Employees' Benefits
8 Program upon receipt.

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

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

25 2. *If a local government is placed on fiscal watch pursuant to*
26 *subsection 1, the governing body of the local government may*
27 *adopt a resolution requesting the Commission to order the*
28 *Department, in consultation with the local government and the*
29 *Committee, to provide appropriate technical financial assistance to*
30 *the local government.*

31 3. Upon receipt of a resolution adopted pursuant to subsection
32 ~~H~~ 2, the Nevada Tax Commission shall place the request for
33 technical financial assistance on the agenda for the next practicable
34 scheduled meeting of the Commission and notify the governing
35 body of the local government of the time and place at which one or
36 more representatives of the local government must appear to present
37 the request.

38 ~~H~~ 4. After hearing the request for technical financial
39 assistance ~~H~~ *and any recommendations of the Committee,* if the
40 Nevada Tax Commission finds that the local government is in need
41 of technical financial assistance, ~~H~~ *the Commission* shall order the
42 Department to provide the assistance. The order must include such
43 terms and conditions as the Commission deems appropriate and may
44 include a schedule or rate of payment for the services of the
45 Department.



1 ~~4~~ 5. If the governing body adopts a resolution accepting the
2 terms and conditions established pursuant to subsection ~~3~~ 4,
3 the Department shall provide such technical financial assistance to
4 the local government as the Department deems necessary and
5 appropriate.

6 ~~5~~ 6. The Department may request *from the Committee* any
7 assistance it deems appropriate to carry out the provisions of this
8 section. ~~from the Committee.~~

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

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

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

26 354.685 1. ~~##~~ *The Committee may, upon the*
27 *recommendation of the Executive Director pursuant to subsection*
28 *2 or at the request of a local government pursuant to subsection 3,*
29 *conduct one or more hearings to determine whether a severe*
30 *financial emergency exists in a local government.*

31 2. *The Executive Director may, after giving consideration to*
32 *the severity of each condition identified in paragraphs (a) to (aa),*
33 *inclusive, which is found to exist in a local government,*
34 *recommend that the Committee conduct one or more hearings to*
35 *determine whether a severe financial emergency exists in a local*
36 *government if* the Department finds that one or more of the
37 following conditions exist in ~~any~~ *the* local government : ~~after~~
38 ~~giving consideration to the severity of the condition, it may~~
39 ~~determine that one or more hearings should be conducted to~~
40 ~~determine the extent of the problem and to determine whether a~~
41 ~~recommendation of severe financial emergency should be made to~~
42 ~~the Nevada Tax Commission.~~

43 (a) Required financial reports have not been filed or are
44 consistently late.



- 1 (b) The audit report reflects the unlawful expenditure of money
2 in excess of the amount appropriated in violation of the provisions
3 of NRS 354.626.
- 4 (c) The audit report shows funds with deficit fund balances.
- 5 (d) The local government has incurred debt beyond its ability to
6 repay.
- 7 (e) The local government has not corrected violations of statutes
8 or regulations adopted pursuant thereto as noted in the audit report.
- 9 (f) The local government has serious internal control problems
10 noted in the audit report which have not been corrected.
- 11 (g) The local government has a record of being late in its
12 payments for services and supplies.
- 13 (h) The local government has had insufficient cash to meet
14 required payroll payments in a timely manner.
- 15 (i) The local government has borrowed money or entered into
16 long-term lease arrangements without following the provisions of
17 NRS or regulations adopted pursuant thereto.
- 18 (j) The governing body of the local government has failed to
19 correct problems after it has been notified of such problems by the
20 Department.
- 21 (k) The local government has not separately accounted for its
22 individual funds as required by chapter 354 of NRS.
- 23 (l) The local government has invested its money in financial
24 instruments in violation of the provisions of chapter 355 of NRS.
- 25 (m) The local government is in violation of any covenant in
26 connection with any debt issued by the local government.
- 27 (n) The local government has not made bond and lease
28 payments in accordance with the approved payment schedule.
- 29 (o) The local government has failed to control its assets such
30 that large defalcations have occurred which have impaired the
31 financial condition of the local government.
- 32 (p) The local government has recognized sizeable losses as a
33 result of the imprudent investment of money.
- 34 (q) The local government has allowed its accounting system and
35 recording of transactions to deteriorate to such an extent that it is not
36 possible to measure accurately the results of operations or to
37 ascertain the financial position of the local government without a
38 reconstruction of transactions.
- 39 (r) The local government has consistently issued checks not
40 covered by adequate deposits.
- 41 (s) The local government has loaned and borrowed money
42 between funds without following the proper procedures.
- 43 (t) The local government has expended money in violation of
44 the provisions governing the expenditure of that money.



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1 (u) Money restricted for any specific use has been expended in
2 violation of the terms and provisions relating to the receipt and
3 expenditure of that money.

4 (v) Money has been withheld in accordance with the provisions
5 of NRS 354.665.

6 (w) If the local government is a school district, a loan has been
7 made from the State Permanent School Fund to the school district
8 pursuant to NRS 387.526.

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

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

15 (z) The ending balance in the general fund of the local
16 government has declined for the past 2 years ~~†~~ *or is less than 4*
17 *percent of the actual expenditures from the general fund of the*
18 *local government for the immediately preceding fiscal year.*

19 (aa) The local government has failed to pay, in a timely manner,
20 contributions to the Public Employees' Retirement System,
21 workers' compensation or payroll taxes or fails to pay, at any time, a
22 payment required pursuant to the Federal Insurance Contributions
23 Act †.

24 ~~—2.†~~ *, 26 U.S.C. §§ 3101 et seq., or the Federal Unemployment*
25 *Tax Act, 26 U.S.C. §§ 3301 et seq.*

26 *3. If the governing body of a local government determines by*
27 *the affirmative vote of a majority of its members that, because the*
28 *local government is involved in litigation or threatened litigation,*
29 *a severe financial emergency will exist in the local government,*
30 *the governing body may submit a request to the Committee to*
31 *conduct a hearing to determine whether a severe financial*
32 *emergency exists in the local government.*

33 *4. If the ~~†Department~~ Committee conducts a hearing*
34 *pursuant to subsection 2 or 3 and determines that a ~~†condition~~*
35 *~~listed in subsection 1~~ severe financial emergency exists, the*
36 *Department, on behalf of the Committee, shall:*

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

38 (b) Request from the local government any information that the
39 Department deems to be appropriate to determine the extent of the
40 condition; and

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

43 ~~†3. Within~~

44 *5. Not later than 45* days after receiving notification pursuant
45 to subsection ~~†2.†~~ *4, a local government shall submit to the*



1 Committee any information requested by the Department and a plan
2 of corrective action.

3 ~~{4. The}~~

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

6 (a) Review ~~{a}~~ the plan of corrective action submitted by a local
7 government ~~{}~~ **pursuant to paragraph (c) of subsection 4;**

8 (b) Provide observations and recommendations for the local
9 government; and

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

13 ~~{5. The Department shall report the observations and~~
14 ~~recommendations of the Committee to the Nevada Tax Commission.~~

15 ~~—6.}~~ **7. In addition to any notice otherwise required, the**
16 **Department shall give notice of any hearing held pursuant to**
17 ~~{subsection 1}~~ **this section** to the governing body of each local
18 government whose jurisdiction overlaps with **, or in the case of a**
19 **city, whose jurisdiction is contiguous to,** the jurisdiction of the local
20 government whose financial condition will be considered at least 10
21 days before the date on which the hearing will be held.

22 ~~{7.}~~ **8. If the ~~{Department,}~~ Committee, following ~~{the}~~ a**
23 **hearing ~~{or hearings,}~~ conducted pursuant to this section,**
24 **determines that a ~~{recommendation of}~~ severe financial emergency**
25 **~~{should be made to the Nevada Tax Commission, it}~~ exists in a**
26 **local government, the Committee shall , ~~{make such a~~**
27 **recommendation} as soon as practicable ~~{Upon receipt of such a~~**
28 **recommendation, the Nevada Tax} , **provide notice of its findings,**
29 **including any recommendations of the Committee, to the**
30 **Commission.****

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



1 *course of action and requiring* the Department *to* take over the
2 management of the local government as soon as practicable.

3 ~~§8. As used in this section, "Federal Insurance Contributions~~
4 ~~Act" means subchapter A of chapter 9 of the Internal Revenue Code~~
5 ~~of 1939 and subchapters A and B of chapter 21 of the Internal~~
6 ~~Revenue Code of 1954, as such codes have been and may from time~~
7 ~~to time be amended.]~~

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

9 354.695 1. As soon as practicable after taking over the
10 management of a local government, the Department shall, with the
11 approval of the Committee:

12 (a) Establish and implement a management policy and a
13 financing plan for the local government;

14 (b) Provide for the appointment of a financial manager for the
15 local government who is qualified to manage the fiscal affairs of the
16 local government;

17 (c) Provide for the appointment of any other persons necessary
18 to enable the local government to provide the basic services for
19 which it was created in the most economical and efficient manner
20 possible;

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

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

26 (f) Negotiate and approve all contracts entered into by or on
27 behalf of the local government before execution and enter into such
28 contracts on behalf of the local government as the Department
29 deems necessary;

30 (g) Negotiate and approve *all* collective bargaining contracts
31 *and other employment contracts* to be entered into by the local
32 government *with an employee organization or any employee* ,
33 except *that the Department shall not negotiate or approve* issues
34 submitted to a fact finder whose findings and recommendations are
35 final and binding pursuant to the provisions of the Local
36 Government Employee-Management Relations Act;

37 (h) *If the Committee made a recommendation to the*
38 *Commission that a severe financial emergency exists in the local*
39 *government based upon the existence of one or more conditions*
40 *described in paragraph (c), (d), (g), (h), (n) to (p), inclusive, (r) or*
41 *(aa) of subsection 2 of NRS 354.685:*

42 (1) *Open and renegotiate in good faith, or assist the local*
43 *government in renegotiating, any existing collective bargaining*
44 *agreement or other employment contract relating to compensation*



1 *or monetary benefits during the period of severe financial*
2 *emergency; and*

3 *(2) Assume all rights, duties and powers pursuant to NRS*
4 *288.150 that are otherwise reserved to the local government*
5 *during a period of severe financial emergency;*

6 *(i) Approve all expenditures of money from any fund or account*
7 *and all transfers of money from one fund to another;*

8 ~~[(j)]~~ *(j) Employ such technicians as are necessary for the*
9 *improvement of the financial condition of the local government;*

10 ~~[(k)]~~ *(k) Meet with any holders and the creditors of the local*
11 *government to negotiate in good faith and formulate a debt*
12 *liquidation program that may include, without limitation, the*
13 *adjustment of bonded indebtedness by the exchange of existing*
14 *bonds for new bonds with a later maturity date and a different*
15 *interest rate;*

16 ~~[(l)]~~ *(l) If the Department has taken over the management of a*
17 *local government because the local government is involved in*
18 *litigation or threatened litigation, carry out the duties ~~set forth in~~*
19 *~~NRS 354.701, if the provisions of that section are applicable;~~ of the*
20 *Department pursuant to subsection 2 of NRS 31.010;*

21 ~~[(m)]~~ *(m) Approve the issuance of bonds or other forms of*
22 *indebtedness by the local government;*

23 ~~[(n)]~~ *(n) Discharge any of the outstanding debts and*
24 *obligations of the local government; and*

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

28 2. The Department may provide for reimbursement from the
29 local government for the expenses the Department incurs in
30 managing the local government. If such reimbursement is not
31 possible, the Department may request an allocation by the Interim
32 Finance Committee from the Contingency Account pursuant to NRS
33 353.266, 353.268 and 353.269.

34 3. The governing body of a local government which is being
35 managed by the Department pursuant to this section may make
36 recommendations to the Department or the financial manager
37 concerning the management of the local government.

38 4. Each state agency, board, department, commission,
39 committee or other entity of the State shall provide such technical
40 *financial* assistance concerning the management of the local
41 government as is requested by the Department.

42 5. The Department may delegate any of the powers and duties
43 imposed by this section to the financial manager appointed pursuant
44 to paragraph (b) of subsection 1.



1 ~~6.~~ *A financial manager acting within the scope of his or her*
2 *delegation pursuant to this subsection is responsible only to the*
3 *Department for his or her actions.*

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

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

9 354.705 1. As soon as practicable after the Department takes
10 over the management of a local government, the Executive Director
11 shall ~~+~~ *prepare a plan of revenue enhancement and expense*
12 *mitigation, for consideration by the Committee, that will lead to*
13 *sustainable financial stability for the local government. In*
14 *preparing the plan, the Executive Director shall:*

15 (a) Determine the total amount of expenditures necessary to
16 allow the local government to perform the basic functions for which
17 it was created ~~+~~ *, with priority given to public safety and the*
18 *maintenance of roads and highways;*

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

21 (c) Consider any alternative sources of revenue available to the
22 local government.

23 2. ~~If the~~ *The Executive Director shall submit the plan*
24 *prepared pursuant to subsection 1 to the Committee. If the*
25 *Committee determines that the available revenue of the local*
26 *government is not sufficient to provide for the payment of required*
27 *debt service and operating expenses + pursuant to the +Executive*
28 *Director may submit his or her findings to + plan, the Committee*
29 ~~*who shall review the determinations made by the Executive*~~
30 ~~*Director. If the Committee determines that additional revenue is*~~
31 ~~*needed, it shall prepare*~~ *shall submit a +recommendation+ revised*
32 *plan to the +Nevada Tax+ Commission as to which one or more of*
33 *the following additional taxes or charges should be imposed by the*
34 *local government:*

35 (a) The levy of a property tax up to a rate which when combined
36 with all other overlapping rates levied in the State does not exceed
37 \$4.50 on each \$100 of assessed valuation.

38 (b) An additional tax on transient lodging at a rate not to exceed
39 1 percent of the gross receipts from the rental of transient lodging
40 within the boundaries of the local government upon all persons in
41 the business of providing lodging. Any such tax must be collected
42 and administered in the same manner as all other taxes on transient
43 lodging are collected by or for the local government.

44 (c) Additional service charges appropriate to the local
45 government.



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

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

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

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

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

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

37 4. After the public hearing conducted pursuant to subsection 3,
38 the Nevada Tax Commission may adopt the plan as submitted or
39 adopt a revised plan. *If the Commission adopts a revised plan, the*
40 *revised plan must be approved by the members of the Committee*
41 *serving on the panel described in subsection 3.* Any plan adopted
42 pursuant to this section must include the duration for which any new
43 or increased taxes or charges may be collected which must not
44 exceed 5 years.



1 5. Upon adoption of the plan by the Nevada Tax Commission,
2 the local government in which the severe financial emergency exists
3 shall impose or cause to be imposed the additional taxes and charges
4 included in the plan for the duration stated in the plan or until the
5 severe financial emergency has been determined by the ~~Nevada~~
6 ~~Tax Commission~~ *Committee* to have ceased to exist. *Any levy of*
7 *additional property tax applies to all taxpayers, regardless of*
8 *whether the taxes previously imposed have been partially or fully*
9 *paid pursuant to NRS 361.483.*

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

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

15 (a) The county for consideration of absorption of services; or

16 (b) If the local government is a county, to the next regular
17 session of the Legislature.

18 8. *For any local government that is found to exist in a severe*
19 *financial emergency, the Department shall:*

20 (a) *Prepare a report regarding the financial condition of the*
21 *local government not less frequently than once every 6 months*
22 *until the severe financial emergency ceases; and*

23 (b) *Not later than 10 days after preparing a report pursuant to*
24 *paragraph (a), submit the report to the Director of the Legislative*
25 *Counsel Bureau for transmittal to the Legislature, if the*
26 *Legislature is in session, or to the Legislative Commission, if the*
27 *Legislature is not in session.*

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

29 354.715 1. If a local government *or any officer or employee*
30 *of the local government* fails to comply with any request made by
31 the Department pursuant to NRS 354.695, the Department may
32 apply to the district court to compel compliance.

33 2. *In any proceeding brought pursuant to subsection 1, the*
34 *Department may seek a declaration by the district court that the*
35 *failure to comply with the request of the Department was willful. A*
36 *willful failure to comply by any:*

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

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

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



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

2 354.721 1. The Severe Financial Emergency Fund is hereby
3 created in the State Treasury as a revolving fund. The Executive
4 Director shall administer the Fund.

5 2. The money in the Fund must be invested as other state funds
6 are invested. Any interest and income earned on the money in the
7 Fund must, after deducting any applicable charges, be credited to
8 the Fund.

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

10 (a) Distributed by the Executive Director as a loan to a local
11 government for the purpose of paying the operating expenses *and*
12 *general obligations* of the local government until the local
13 government receives revenues if:

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

16 (2) The Executive Director determines that a loan from the
17 Severe Financial Emergency Fund is necessary to pay the operating
18 expenses *and general obligations* of the local government; and

19 (3) The local government adopts a resolution in which the
20 local government agrees to:

21 (I) Use the money only for the purpose of paying the
22 operating expenses *and general obligations* of the local government
23 until the local government receives revenues; and

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

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

29 4. A loan approved by the Executive Director must be repaid as
30 soon as practicable by the local government, but the duration of the
31 loan must not exceed ~~H2~~ 24 months after the date on which the
32 loan was made. The Executive Director shall not charge interest on
33 a loan made pursuant to this section.

34 5. The Executive Director shall report to the Committee on
35 Local Government Finance and to the Nevada Tax Commission as
36 soon as practicable after the date that the loan is approved
37 concerning:

38 (a) The status of the loan;

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

41 (c) The resources that the local government will use to repay the
42 loan.

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

44 354.723 1. If the Executive Director determines that a severe
45 financial emergency which exists in a local government under



1 management by the Department is unlikely to cease to exist within 3
2 years, the Executive Director shall determine:

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

6 (b) The manner in which the services provided by the local
7 government must be limited to ensure a balanced budget for the
8 local government,

9 and submit his or her findings to the Committee.

10 2. The Committee shall review the findings submitted by the
11 Executive Director pursuant to subsection 1. If the Committee
12 determines that the severe financial emergency which exists in the
13 local government is unlikely to cease to exist within 3 years and that
14 the findings made by the Executive Director are appropriate,
15 the Committee shall submit its recommendation *and findings* to the
16 Nevada Tax Commission. If the Committee determines that the
17 financial emergency is likely to cease to exist within 3 years, that
18 decision is not subject to review by the Nevada Tax Commission.

19 3. The Nevada Tax Commission shall schedule a public
20 hearing ~~within~~ *not later than* 30 days after the Committee submits
21 its recommendation ~~and findings~~. The Nevada Tax Commission
22 shall provide public notice of the hearing at least 10 days before the
23 date on which the hearing will be held. The Executive Director shall
24 provide copies of all documents relevant to the recommendation *and*
25 *findings* of the Committee to the governing body of the local
26 government *existing* in *a* severe financial emergency.

27 4. If, after the public hearing, the Nevada Tax Commission
28 ~~determines that~~ *adopts* the recommendation *and findings* of the
29 Committee ~~is appropriate,~~ *the Commission may:*

30 (a) *Require the submission of* a question ~~must be submitted~~ to
31 the electors of the local government at the next primary or general
32 municipal election or primary or general state election, as
33 applicable, asking whether the local government should be
34 reincorporated or dissolved ~~and~~ *;* *or*

35 (b) *Require the local government to take any other remedial*
36 *action in accordance with the recommendation and findings of the*
37 *Committee.*

38 5. If the electors of the local government do not approve the
39 reincorporation or dissolution of the local government:

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

43 (b) Any other taxes or mandatory assessments levied in the local
44 government, notwithstanding any limitation on those taxes or
45 assessments provided by statute, must be raised in an amount the



1 Nevada Tax Commission determines is necessary to ensure a
2 balanced budget for the local government; and

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

6 ~~5~~ 6. If the electors of the local government approve the
7 disincorporation or dissolution of a local government that is:

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

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

11 (2) If there are no specific provisions of law providing for
12 the disincorporation or dissolution of the local government, by the
13 entity that created the local government. If, at the time of the
14 disincorporation or dissolution of the local government pursuant to
15 this paragraph, there are any outstanding loans or bonded
16 indebtedness of the local government, including, without limitation,
17 loans made to the local government by the county in which the local
18 government is located, the taxes for the payment of the bonds or
19 other indebtedness must continue to be levied and collected in the
20 same manner as if the local government had not been
21 disincorporated or dissolved until all outstanding indebtedness is
22 repaid, but for all other purposes the local government shall be
23 deemed disincorporated or dissolved at the time that the entity
24 which created the local government disincorporates or dissolves the
25 local government. Any other liabilities and any remaining assets
26 shall revert to the entity that created the local government which is
27 being disincorporated or dissolved.

28 (b) Created by a special or local act of the Legislature, it may
29 only be disincorporated or dissolved by the Legislature. The
30 Executive Director shall submit notification of the vote approving
31 the disincorporation or dissolution of the local government to the
32 Director of the Legislative Counsel Bureau for transmittal to the
33 Legislature. At the first opportunity, the Legislature shall consider
34 the question of whether the special or local act will be repealed.

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

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

38 (2) If there are no specific provisions of law providing for
39 the disincorporation or dissolution of the local government, by the
40 governing body of that local government. If, at the time of the
41 disincorporation or dissolution of the local government pursuant to
42 this paragraph, there are any outstanding loans or bonded
43 indebtedness of the local government, including, without limitation,
44 loans made to the local government by the county or counties in
45 which the local government is located, the taxes for the payment of



1 the bonds or other indebtedness must continue to be levied and
2 collected in the same manner as if the local government had not
3 been disincorporated or dissolved until all outstanding indebtedness
4 is repaid, but for all other purposes the local government shall be
5 deemed disincorporated or dissolved at the time that the governing
6 body of the local government disincorporates or dissolves the local
7 government. Except as otherwise provided in this subparagraph, any
8 other liabilities and any remaining assets of the local government
9 shall revert to the board of county commissioners of the county in
10 which the local government is located. If the local government is
11 located in more than one county, the governing body of the local
12 government shall apportion the remaining liabilities and assets
13 among the boards of county commissioners of the counties in which
14 the local government is located.

15 ~~{6. Within}~~

16 **7. Not later than** 10 days after the Nevada Tax Commission
17 ~~{makes a determination}~~ **requires the submission of a question to**
18 **the electors to disincorporate or dissolve a local government**
19 pursuant to subsection 4, the Executive Director shall notify:

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

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

22 ➔ and provide the clerk with the amount any tax or mandatory
23 assessment levied by the local government must be raised and a
24 description of the manner in which the services provided by the
25 local government must be limited to ensure a balanced budget for
26 the local government.

27 ~~{7.}~~ **8.** After the Executive Director notifies the city clerk or
28 the county clerk, as applicable, pursuant to subsection ~~{6.}~~ **7,** the
29 clerk shall cause to be published in a newspaper of general
30 circulation that is printed in the local government a notice of the
31 election once in each calendar week for 2 successive calendar weeks
32 by two weekly insertions a week apart, the first publication to be not
33 more than 30 days nor less than 22 days next preceding the date of
34 the election. If no newspaper is printed in the local government,
35 publication of the notice of election must be made in a newspaper
36 printed in this State and having a general circulation in the local
37 government.

38 ~~{8.}~~ **9.** The notice required pursuant to subsection ~~{7.}~~ **8** must
39 contain the following information:

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

43 (b) That the question of whether the local government should be
44 disincorporated or dissolved will be submitted to the electors of the



1 local government at the next primary or general municipal election
2 or the next primary or general state election, as applicable; and

3 (c) That if the electors do not approve the disincorporation or
4 dissolution:

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

8 (2) Any taxes or mandatory assessment levied in the local
9 government will be raised to ensure a balanced budget for the local
10 government and the amount by which those taxes or mandatory
11 assessments will be raised; and

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

15 ~~9.1~~ 10. If any provisions providing generally for the
16 disincorporation or dissolution of the local government require that
17 the question of disincorporating or dissolving be published or
18 submitted to a vote of the electors of the local government, the
19 publication required by subsection 3 and the election required by
20 subsection 4 satisfy those requirements. If:

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

24 (b) The provisions providing generally for the disincorporation
25 or dissolution of a local government provide additional rights to
26 protest the disincorporation or dissolution of a local government not
27 provided by this section,

28 ↪ the provisions of this section control a disincorporation or
29 dissolution pursuant to this section and any person wishing to
30 protest such a disincorporation or dissolution must proceed in
31 accordance with the provisions of this section.

32 ~~10.1~~ 11. As used in this section, "local government" does not
33 include a county, a school district or any agency or department of a
34 county or city which prepares a budget separate from that of the
35 parent political subdivision.

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

37 354.725 1. The Nevada Tax Commission may, on its own
38 motion or at the request of a local government ~~H~~ *or the Committee,*
39 terminate the management of a local government by the Department
40 at any time upon a finding that the severe financial emergency has
41 ceased to exist.

42 2. The governing body of a local government which has
43 complied with all requests made by the Department pursuant to
44 NRS 354.695 may petition the Nevada Tax Commission for
45 termination or modification of the management of the local



1 government by the Department or of any request made by the
2 Department pursuant to NRS 354.695.

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

7 4. The Nevada Tax Commission shall provide notice, a hearing
8 and a written decision on each such petition.

9 ~~4~~ 5. In determining whether a condition of severe financial
10 emergency should be terminated, the Nevada Tax Commission shall
11 give consideration to the following:

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

15 (b) The local government has staff available with sufficient
16 financial expertise that they can adequately control the finances of
17 the local government.

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

19 (d) The local government has no funds with deficit fund
20 balances.

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

26 (f) The governing body has expressed a determination through a
27 resolution submitted to the Department of Taxation to manage
28 ~~their~~ *the* affairs *of the local government* in accordance with *the*
29 *provisions of* NRS relating to financial matters and utilizing sound
30 accounting and financial management practices.

31 ~~5~~ 6. The Nevada Tax Commission may require the
32 governing body to submit special reports to the Department for a
33 period not to exceed 5 years as a condition of terminating the
34 management of the local government by the Department.

35 ~~6~~ 7. When a petition relating to a specific request is denied,
36 the governing body may not resubmit a petition to terminate or
37 modify that request until 3 months following the date of denial.

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

39 31.010 1. Except as otherwise provided in subsection 2, the
40 plaintiff at the time of issuing the summons, or at any time
41 thereafter, may apply to the court for an order directing the clerk to
42 issue a writ of attachment and thereby cause the property of the
43 defendant to be attached as security for the satisfaction of any
44 judgment that may be recovered, unless the defendant gives security
45 to pay such judgment as provided in this chapter.



1 2. If the Department of Taxation has taken over the
2 management of a local government *at the request of the local*
3 *government* pursuant to ~~the provisions of NRS 354.686,~~
4 *subsection 3 of NRS 354.685*, and if a plaintiff is allowed by law to
5 apply to a court for an order directing the clerk to issue a writ of
6 attachment, the ~~plaintiff must comply with the applicable~~
7 ~~provisions of NRS 354.701 before applying for such an order.~~
8 *action must be stayed until the following conditions have been*
9 *satisfied:*

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

13 (b) *The Department must adopt a program for the liquidation*
14 *of the debt owed by the local government to the plaintiff as*
15 *described in paragraph (a). The Department shall formulate the*
16 *program not later than 60 days after meeting with the plaintiff*
17 *pursuant to paragraph (a). The formulation of the program is a*
18 *final decision for the purposes of judicial review.*

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

20 361.4726 1. Except as otherwise provided by specific statute,
21 if any legislative act which becomes effective after April 6, 2005,
22 imposes a duty on a taxing entity to levy a new ad valorem tax or to
23 increase the rate of an existing ad valorem tax, the amount of the
24 new tax or increase in the rate of the existing tax is exempt from
25 each partial abatement from taxation provided pursuant to NRS
26 361.4722, 361.4723 and 361.4724.

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

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

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

33 450.090 1. In any county whose population is 700,000 or
34 more, the board of county commissioners is, ex officio, the board of
35 hospital trustees, and the county commissioners shall serve as
36 hospital trustees during their terms of office as county
37 commissioners.

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

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

44 (b) If hospital trustees have been elected pursuant to NRS
45 450.070 and 450.080, the term of office of each hospital trustee who



1 is serving in that capacity on the effective date of the ordinance is
2 terminated as of the effective date of the ordinance.

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

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

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

9 (c) During the previous calendar year:

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

12 (2) The hospital failed to fulfill its statutory financial
13 obligations, such as the payment of taxes, premiums for industrial
14 insurance or contributions to the Public Employees' Retirement
15 System;

16 (3) One or more of the conditions relating to financial
17 emergencies set forth in subsection ~~1~~ 2 of NRS 354.685 existed at
18 the hospital; or

19 (4) The hospital received notice from the Federal
20 Government or the State of Nevada that the certification or licensure
21 of the hospital was in imminent jeopardy of being revoked because
22 the hospital had not carried out a previously established plan of
23 action to correct previously noted deficiencies found by the
24 regulatory body.

25 4. Except in counties where the board of county commissioners
26 is the board of hospital trustees, in any county whose population is
27 100,000 or more but less than 700,000, the board of hospital trustees
28 for the public hospital must be composed of the five regularly
29 elected or appointed members, and, in addition, three county
30 commissioners selected by the chair of the board of county
31 commissioners shall serve as voting members of the board of
32 hospital trustees during their terms of office as county
33 commissioners.

34 5. Except in counties where the board of county commissioners
35 is the board of hospital trustees, in any county whose population is
36 less than 100,000, the board of hospital trustees for the public
37 hospital must be composed of the five regularly elected or appointed
38 members, and, in addition, the board of county commissioners may,
39 by resolution, provide that:

40 (a) One county commissioner selected by the chair of the board
41 of county commissioners shall serve as a voting member of the
42 board of hospital trustees during his or her term of office as county
43 commissioner;



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

4 (c) Both a county commissioner appointed pursuant to the
5 provisions of paragraph (a) and a physician appointed pursuant to
6 the provisions of paragraph (b) shall serve as voting members of the
7 board of hospital trustees.

8 ➔ The term of office of a member appointed pursuant to the
9 provisions of paragraph (b) is 2 years and begins on the date the
10 board of county commissioners appoints the member.

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

12 450.620 1. Except as otherwise provided in subsection 2 and
13 NRS 450.625, if a hospital district is created pursuant to NRS
14 450.550 to 450.750, inclusive, the board of county commissioners
15 shall provide by ordinance for:

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

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

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

21 2. If a hospital district specified in subsection 1 does not
22 include territory within more than one county, the board of county
23 commissioners may enact an ordinance providing that the board of
24 county commissioners is, ex officio, the board of hospital trustees of
25 the district hospital. If such an ordinance is enacted in a county:

26 (a) The county commissioners shall serve as the hospital trustees
27 of the district hospital during their terms of office as county
28 commissioners; and

29 (b) If hospital trustees have been elected pursuant to subsection
30 1, the term of office of each hospital trustee of the district hospital
31 who is serving in that capacity on the effective date of the ordinance
32 is terminated as of the effective date of the ordinance.

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

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

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

40 (c) During the previous calendar year:

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

43 (2) The hospital failed to fulfill its statutory financial
44 obligations, including the payment of taxes, premiums for industrial



1 insurance or contributions to the Public Employees' Retirement
2 System;

3 (3) One or more of the conditions relating to financial
4 emergencies set forth in subsection ~~11~~ 2 of NRS 354.685 existed at
5 the hospital; or

6 (4) The hospital received notice from the Federal
7 Government or the State of Nevada that the certification or license
8 of the hospital was in imminent jeopardy of being revoked because
9 the hospital had not carried out a previously established plan of
10 action to correct previously noted deficiencies found by the
11 regulatory body.

12 **Sec. 18.** The Committee on Local Government Finance shall,
13 at its next regular meeting after the effective date of this act, elect
14 from among its members a Chair and Vice Chair pursuant to NRS
15 354.105, as amended by section 1 of this act.

16 **Sec. 18.3.** If a court of competent jurisdiction finds that any
17 provision of this act conflicts with and cannot be harmonized with
18 any provisions of the Local Government Securities Law, as set forth
19 in NRS 350.500 to 350.720, inclusive, the provisions of the Local
20 Government Securities Law shall be deemed to control to the extent
21 of the conflicts.

22 **Sec. 18.7.** The provisions of subsection 1 of NRS 218D.380
23 do not apply to any provision of this act which adds or revises a
24 requirement to submit a report to the Legislature.

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

26 **Sec. 20.** This act becomes effective upon passage and
27 approval.

TEXT OF REPEALED SECTIONS

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.



