

ASSEMBLY BILL NO. 170—ASSEMBLYMEN DICKMAN, WHEELER,  
FIORE; ELLISON, HAMBRICK, MOORE AND SHELTON

FEBRUARY 17, 2015

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing general obligations.  
(BDR 30-917)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.  
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to municipal obligations; clarifying that a general obligation issued or incurred by a municipality or school district must be used only for the stated purpose for which the general obligation was originally issued or incurred; requiring certain information to be included in certain publications relating to the intent of a municipality to issue or incur obligations; prescribing the manner of publication; limiting the amount of a general obligation that may be issued or incurred in certain circumstances; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law authorizes municipalities and school districts to issue or incur  
2 general obligations upon meeting certain requirements. Municipalities generally are  
3 required to submit a proposal to issue or incur general obligations to the electors of  
4 the municipality at a special or general election, with the exception that  
5 municipalities may issue or incur general obligations by an affirmative vote of two-  
6 thirds of the members of the governing body of the municipality finding that the  
7 pledged revenue of the project to be financed will be sufficient to service the debt,  
8 upon publishing a resolution of intent to issue or incur the obligation and upon  
9 meeting certain other procedural requirements. Under the exception, not less than 5  
10 percent of the registered voters of the municipality can reject the issuance of the  
11 obligation by petition. (NRS 350.020) This bill: (1) clarifies that a general  
12 obligation issued or incurred by a municipality or school district must be used only  
13 for the stated purpose for which the general obligation was originally issued or  
14 incurred and not for any other purpose; (2) requires a publication of a resolution of  
15 the intent of a municipality to issue or incur a general obligation to include a  
16 description of the manner by which the registered voters of the municipality may  
17 petition the governing body to reject the issuance of the obligation; (3) requires the



18 publication to be made at least three times, once a week for 3 consecutive weeks, in  
19 a newspaper of general circulation in the municipality; and (4) prohibits a  
20 governing body of a municipality that may otherwise issue or incur a general  
21 obligation without submitting the proposal to the electors on a ballot at an election  
22 from issuing or incurring a general obligation in an amount greater than \$2,500,000  
23 in a county whose population is less than 100,000, or \$5,000,000 in a county whose  
24 population is 100,000 or more.

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

1       **Section 1.** NRS 350.020 is hereby amended to read as follows:  
2       350.020 1. *A general obligation issued or incurred pursuant*  
3 *to this section must be used only for the stated purpose for which*  
4 *the general obligation was originally issued or incurred and not*  
5 *for any other purpose.* Except as otherwise provided by subsections  
6 3 and 4, if a municipality proposes to issue or incur general  
7 obligations, the proposal must be submitted to the electors of the  
8 municipality at a special election called for that purpose or the next  
9 general municipal election or general state election.

10       2. Such a special election may be held:

11       (a) At any time, including, without limitation, on the date of a  
12 primary municipal election or a primary state election, if the  
13 governing body of the municipality determines, by a unanimous  
14 vote, that an emergency exists; or

15       (b) On the first Tuesday after the first Monday in June of an  
16 odd-numbered year,

17       ↳ except that the governing body shall not determine that an  
18 emergency exists if the special election is for the purpose of  
19 submitting to the electors a proposal to refund bonds. The  
20 determination made by the governing body is conclusive unless it is  
21 shown that the governing body acted with fraud, a gross abuse of  
22 discretion or in violation of the provisions of this subsection. An  
23 action to challenge the determination made by the governing body  
24 must be commenced within 15 days after the governing body's  
25 determination is final. As used in this subsection, "emergency"  
26 means any occurrence or combination of occurrences which requires  
27 immediate action by the governing body of the municipality to  
28 prevent or mitigate a substantial financial loss to the municipality or  
29 to enable the governing body to provide an essential service to the  
30 residents of the municipality.

31       3. ~~##~~ *Except as otherwise provided in this subsection, if*  
32 payment of a general obligation of the municipality is additionally  
33 secured by a pledge of gross or net revenue of a project to be  
34 financed by its issue, and the governing body determines, by an



1 affirmative vote of two-thirds of the members elected to the  
2 governing body, that the pledged revenue *of the project to be*  
3 *financed* will at least equal the amount required in each year for the  
4 payment of interest and principal, without regard to any option  
5 reserved by the municipality for early redemption, the municipality  
6 may, after a public hearing, incur this general obligation without an  
7 election unless, within 90 days after publication of a resolution of  
8 intent to issue the bonds, a petition is presented to the governing  
9 body signed by not less than 5 percent of the registered voters of the  
10 municipality. Any member elected to the governing body whose  
11 authority to vote is limited by charter, statute or otherwise may vote  
12 on the determination required to be made by the governing body  
13 pursuant to this subsection. The determination by the governing  
14 body becomes conclusive on the last day for filing the petition. For  
15 the purpose of this subsection, the number of registered voters must  
16 be determined as of the close of registration for the last preceding  
17 general election. The resolution of intent need not be published in  
18 full, but the publication must include the amount of the obligation ,  
19 ~~and~~ the purpose for which it is to be incurred ~~and a description~~  
20 *of the manner by which the registered voters of the municipality*  
21 *may petition the governing body to reject the issuance of the*  
22 *obligation.* Notice of the public hearing must be published at least  
23 ~~10 days before the day of the hearing. The publications must be~~  
24 ~~made~~ *three times*, once *each week for three consecutive weeks*, in  
25 a newspaper of general circulation in the municipality. *The third*  
26 *publication of the notice required by this section must be made at*  
27 *least 10 days before the date of the hearing.* When published, the  
28 notice of the public hearing must be at least as large as 5 inches high  
29 by 4 inches wide. *A governing body shall not issue or incur any*  
30 *general obligation in the manner authorized by this subsection in*  
31 *an amount greater than \$2,500,000 in a county whose population*  
32 *is less than 100,000, or \$5,000,000 in a county whose population is*  
33 *100,000 or more.*

34 4. The board of trustees of a school district may issue general  
35 obligation bonds which are not expected to result in an increase in  
36 the existing property tax levy for the payment of bonds of the school  
37 district without holding an election for each issuance of the bonds if  
38 the qualified electors approve a question submitted by the board of  
39 trustees that authorizes issuance of bonds for a period of 10 years  
40 after the date of approval by the voters. If the question is approved,  
41 the board of trustees of the school district may issue the bonds for a  
42 period of 10 years after the date of approval by the voters, after  
43 obtaining the approval of the debt management commission in the  
44 county in which the school district is located and, in a county whose  
45 population is 100,000 or more, the approval of the oversight panel



1 for school facilities established pursuant to NRS 393.092 in that  
2 county, if the board of trustees of the school district finds that the  
3 existing tax for debt service will at least equal the amount required  
4 to pay the principal and interest on the outstanding general  
5 obligations of the school district and the general obligations  
6 proposed to be issued. The finding made by the board of trustees is  
7 conclusive in the absence of fraud or gross abuse of discretion. As  
8 used in this subsection, "general obligations" does not include  
9 medium-term obligations issued pursuant to NRS 350.087 to  
10 350.095, inclusive.

11 5. At the time of issuance of bonds authorized pursuant to  
12 subsection 4, the board of trustees shall establish a reserve account  
13 in its debt service fund for payment of the outstanding bonds of the  
14 school district. The reserve account must be established and  
15 maintained in an amount at least equal to the lesser of:

16 (a) For a school district located in a county whose population is  
17 100,000 or more, 25 percent; and

18 (b) For a school district located in a county whose population is  
19 less than 100,000, 50 percent,

20 ➤ of the amount of principal and interest payments due on all of the  
21 outstanding bonds of the school district in the next fiscal year or 10  
22 percent of the outstanding principal amount of the outstanding  
23 bonds of the school district.

24 6. If the amount in the reserve account falls below the amount  
25 required by subsection 5:

26 (a) The board of trustees shall not issue additional bonds  
27 pursuant to subsection 4 until the reserve account is restored to the  
28 level required by subsection 5; and

29 (b) The board of trustees shall apply all of the taxes levied by  
30 the school district for payment of bonds of the school district that  
31 are not needed for payment of the principal and interest on bonds of  
32 the school district in the current fiscal year to restore the reserve  
33 account to the level required pursuant to subsection 5.

34 7. A question presented to the voters pursuant to subsection 4  
35 may authorize all or a portion of the revenue generated by the debt  
36 rate which is in excess of the amount required:

37 (a) For debt service in the current fiscal year;

38 (b) For other purposes related to the bonds by the instrument  
39 pursuant to which the bonds were issued; and

40 (c) To maintain the reserve account required pursuant to  
41 subsection 5,

42 ➤ to be transferred to the county school district's fund for capital  
43 projects established pursuant to NRS 387.328 and used to pay the  
44 cost of capital projects which can lawfully be paid from that fund.  
45 Any such transfer must not limit the ability of the school district to



- 1 issue bonds during the period of voter authorization if the findings
- 2 and approvals required by subsection 4 are obtained.
- 3 8. A municipality may issue special or medium-term
- 4 obligations without an election.
- 5 **Sec. 2.** This act becomes effective on July 1, 2015.







