

ASSEMBLY BILL NO. 406—ASSEMBLYMAN DUNCAN

MARCH 18, 2013

Referred to Committee on Government Affairs

SUMMARY—Creates the Office of the State Auditor.
(BDR 18-717)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

~

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

AN ACT relating to the State Executive Department; creating the Office of the State Auditor; establishing the State Auditor as the executive head of the Office; providing for the qualifications, election and salary of the State Auditor; establishing the powers, duties and responsibilities of the State Auditor; abolishing the position of the Legislative Auditor and the Audit Division of the Legislative Counsel Bureau; transferring the powers, duties and responsibilities of the Division of Internal Audits of the Department of Administration to the Office; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law establishes the position of the Legislative Auditor and generally
2 provides for the powers, duties and responsibilities of the Legislative Auditor,
3 which include conducting audits of various state agencies and other entities that
4 receive public money from the State and performing certain other functions
5 prescribed by the Legislative Commission. (Chapter 218G of NRS) Existing law
6 also establishes the Division of Internal Audits of the Department of Administration
7 and requires the Division to evaluate the internal accounting, administrative control
8 and financial management procedures of, and provide training to, certain state
9 agencies. (NRS 353A.031-353A.100) This bill generally consolidates such powers,
10 duties and other responsibilities under the newly created Office of the State Auditor
11 and charges the State Auditor, as the executive head of the Office, with performing
12 these functions.

13 **Sections 2-42** of this bill create the Office of the State Auditor and set forth the
14 qualifications, powers, duties and responsibilities of the State Auditor as the
15 executive head of the Office. **Section 5** requires that the State Auditor be elected by
16 the qualified electors of the State at each general election and establishes the term
17 of office of the State Auditor. **Section 8** establishes the salary of the State Auditor.



18 **Sections 9-28** prescribe the circumstances under which the State Auditor may audit
19 a state agency and certain other entities and further prescribe the procedures by
20 which the State Auditor must conduct and report the findings of such an audit.
21 **Section 27** requires any person who conducts a performance or financial audit of an
22 agency, contractor, grant recipient or local government to provide a copy of the
23 audit report to the State Auditor. **Section 27** further authorizes the State Auditor,
24 upon receiving the report, to conduct an investigation or a hearing to determine
25 whether the use of public money by the agency, contractor, grant recipient or local
26 government constitutes abuse, fraud or waste. **Sections 29-42** require the State
27 Auditor to audit, review and inspect certain entities which provide services for or
28 which have custody of certain children. **Sections 45-90** of this bill generally: (1)
29 replace certain statutory duties of the Legislative Auditor with those of the State
30 Auditor; (2) transfer the powers, duties and responsibilities of the Division of
31 Internal Audits to the Office; and (3) abolish the position of the Legislative
32 Auditor.

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

1 **Section 1.** Title 18 of NRS is hereby amended by adding
2 thereto a new chapter to consist of the provisions set forth as
3 sections 2 to 42, inclusive, of this act.

4 **Sec. 2.** *As used in this chapter, unless the context otherwise
5 requires:*

6 1. *“Agency” or “agency of the State” includes all offices,
7 departments, boards, commissions and institutions of the
8 Executive Department and the Judicial Department, but does not
9 include the Legislative Department.*

10 2. *“Office” means the Office of the State Auditor created by
11 section 3 of this act.*

12 **Sec. 3.** 1. *The Office of the State Auditor is hereby created.*

13 2. *The executive head of the Office is the State Auditor.*

14 **Sec. 4.** *The State Auditor must:*

15 1. *Be a certified public accountant or public accountant
16 qualified to practice public accounting under the provisions of
17 chapter 628 of NRS.*

18 2. *Have 5 years of progressively responsible experience in
19 governmental accounting and auditing.*

20 3. *Have a comprehensive knowledge of the principles and
21 practices of public budgeting, governmental accounting, finance
22 and auditing standards.*

23 4. *Have a working knowledge of statistical methods and other
24 techniques of scientific operational analysis.*

25 **Sec. 5.** 1. *The State Auditor must be elected by the qualified
26 electors of the State.*

27 2. *The State Auditor must be chosen at the 2016 general
28 election, and every fourth year thereafter, and shall hold office for*



1 *the term of 4 years from the time of his or her installment and*
2 *until his or her successor is qualified.*

3 **Sec. 6. 1. *The State Auditor must be commissioned by the***
4 ***Governor, and shall keep his or her office at the seat of***
5 ***government.***

6 **2. *The State Auditor may:***

7 ***(a) Appoint a Deputy State Auditor in the unclassified service***
8 ***of the State, who may, in the absence of the State Auditor, do all***
9 ***acts devolving upon and necessary to be performed by the State***
10 ***Auditor. Except as otherwise provided in NRS 284.143, the Deputy***
11 ***State Auditor shall devote his or her entire time and attention to***
12 ***the business of his or her office and shall not pursue any other***
13 ***business or occupation or hold any other office of profit.***

14 ***(b) Employ, within the limits of legislative appropriations, such***
15 ***staff as is necessary for the performance of his or her duties.***

16 **Sec. 7. *The State Auditor shall not absent himself or herself***
17 ***from the State for a longer period than 90 days without leave of***
18 ***absence obtained from the Legislature.***

19 **Sec. 8. 1. *The State Auditor is entitled to receive an annual***
20 ***salary of \$97,000.***

21 **2. *On the first Monday in January 2020 and on the first***
22 ***Monday of every fourth year thereafter, the salary of the State***
23 ***Auditor must be increased by an amount equal to the cumulative***
24 ***percentage increase in the salaries of the classified employees of***
25 ***this State during the immediately preceding term of the State***
26 ***Auditor.***

27 **Sec. 9. 1. *The State Auditor shall:***

28 ***(a) Perform postaudits as provided by law;***

29 ***(b) Establish procedures, methods and standards of auditing***
30 ***for the Office; and***

31 ***(c) Perform such other functions as may be assigned by the***
32 ***Governor.***

33 **2. *The State Auditor may:***

34 ***(a) Within budgetary limitations, contract for the services of***
35 ***consultants or other professional or technical personnel as the***
36 ***State Auditor's duty to perform postaudits may require, or to***
37 ***conduct a review of the operation of the Office, and fix their fees***
38 ***in an amount which is reasonable and customary for such***
39 ***services; and***

40 ***(b) Contract with federal agencies or state departments to***
41 ***perform audits required by federal or state law, if the Office may***
42 ***be reimbursed for such audits. Any money received by the Office***
43 ***for such audits must be deposited in the State Treasury to the***
44 ***credit of the State General Fund.***



1 3. *A postaudit must be conducted in accordance with*
2 *generally accepted standards for governmental and other audits.*

3 **Sec. 10.** 1. *Each of the audits conducted by the State*
4 *Auditor pursuant to this chapter must be made and concluded in*
5 *accordance with the terms of this chapter.*

6 2. *The Governor shall direct the State Auditor to make any*
7 *special audit or investigation that in his or her judgment is proper*
8 *and necessary to carry out the purposes of this chapter or to assist*
9 *the Governor in the proper discharge of his or her duties.*

10 **Sec. 11.** 1. *The State Auditor shall keep or cause to be kept*
11 *a complete file of copies of all reports of audits, examinations,*
12 *investigations and all other reports or releases issued by the State*
13 *Auditor.*

14 2. *All working papers from an audit are confidential and may*
15 *be destroyed by the State Auditor 5 years after the report is issued,*
16 *except that the State Auditor:*

17 (a) *Shall release such working papers when subpoenaed by a*
18 *court or when required to do so pursuant to NRS 239.0115; or*

19 (b) *May make such working papers available for inspection by*
20 *an authorized representative of any other governmental entity for*
21 *a matter officially before the authorized representative.*

22 **Sec. 12.** 1. *If the State Auditor finds, in the course of an*
23 *audit, evidence of improper practices of financial administration*
24 *or inadequacy of fiscal records, the State Auditor shall report*
25 *these practices immediately to the Governor, the Legislative*
26 *Commission, each Legislator and the head of the agency affected.*

27 2. *If the State Auditor finds evidence of illegal transactions,*
28 *the State Auditor shall forthwith report these transactions to the*
29 *Governor, the Legislative Commission, each Legislator and the*
30 *Attorney General.*

31 **Sec. 13.** 1. *Upon identifying any inadequacy of fiscal*
32 *records, the State Auditor shall conduct a hearing with the*
33 *department head or heads concerning such inadequacy of fiscal*
34 *records.*

35 2. *The State Auditor shall, after conducting a hearing, make*
36 *a report to the department head or heads requesting the*
37 *installation of the necessary fiscal records.*

38 3. *The State Auditor shall report to the Governor any refusal*
39 *of the department head or heads to install proper fiscal records.*

40 **Sec. 14.** 1. *The State Auditor shall prepare a biennial*
41 *report for the Governor and Legislators and submit the report*
42 *before December 31 of each even-numbered year. Copies of the*
43 *report must be filed in the Office of the Secretary of State.*

44 2. *The biennial report must contain, without limitation:*



1 (a) Copies of, or the substance of, reports made to the various
2 agencies of the State and a summary of changes made in the
3 system of accounts and records thereof;

4 (b) A list of those agencies on which audit reports were issued
5 during the biennium and which had not carried out a system of
6 internal accounting and administrative control pursuant to NRS
7 353A.020; and

8 (c) Specific recommendations to the Legislature for the
9 amendment of existing laws or the enactment of new laws
10 designed to improve the functioning of the agencies of the State.

11 **Sec. 15.** 1. The State Auditor shall perform a postaudit of
12 all accounts, funds and other records of all agencies of the State to
13 determine one or any combination of the following:

14 (a) Whether the financial statements of the audited agency
15 comply with generally accepted principles of accounting.

16 (b) The honesty and integrity of fiscal affairs, the accuracy
17 and reliability of information and reports, and the effectiveness of
18 the system of management controls of the audited agency.

19 (c) Compliance with all applicable laws and regulations.

20 (d) Whether the operations of the agency of the State have
21 been conducted in accordance with its contractual obligations.

22 (e) Whether control by management and the system of
23 information provide an adequate and efficient system of records
24 and accounting.

25 2. Every officer and employee of an agency of the State shall
26 aid and assist the State Auditor at such times as the State Auditor
27 requires in the inspection, examination and audit of any books,
28 accounts and records in the possession of the officer or employee.

29 **Sec. 16.** 1. Except as provided in subsection 2, upon the
30 request of the State Auditor or the State Auditor's authorized
31 representative in performing authorized audits or investigations,
32 all officers and employees of the agencies of the State shall make
33 available to the State Auditor all their books, accounts, claims,
34 reports, vouchers or other necessary records of information,
35 confidential or otherwise, irrespective of their form or location.

36 2. This section does not authorize the State Auditor or
37 authorized representative to have access to any books, accounts,
38 claims, reports, vouchers or other records or information of any
39 business or activity which NRS 665.130 and 668.085 require to be
40 kept confidential.

41 **Sec. 17.** The State Controller or the head of any agency of
42 the State, and any employee or agent thereof, acting by, for or on
43 account of such agency or officer receiving, paying or otherwise
44 controlling any public money in the State of Nevada, in whole or
45 in part, whether the money is provided by the State of Nevada,



1 received from the Federal Government or any branch, bureau or
2 agency thereof, or received from private or other source, shall
3 submit to the State Auditor, upon the State Auditor's request, the
4 appropriate financial statement prepared pursuant to generally
5 accepted accounting principles for the period designated by the
6 State Auditor.

7 **Sec. 18.** 1. The State Auditor or the State Auditor's
8 authorized representative shall furnish a copy of the preliminary
9 report of the audit to the head of the audited agency and discuss
10 the report with the head of the agency. The head of the agency
11 shall submit to the State Auditor, within 10 days after the
12 discussion, a written statement of explanation or rebuttal
13 concerning any of the findings, and the State Auditor shall
14 include in the final report the explanation or rebuttal of the head
15 of the agency to any of the findings contained in the final report.

16 2. The State Auditor shall notify the Legislative Commission
17 and the Governor, immediately following this 10-day period, that
18 an audit report is complete.

19 **Sec. 19.** 1. The State Auditor shall present a final written
20 report of each audit to the Governor, the Legislative Commission,
21 each Legislator, other appropriate state officers and the head of
22 the agency audited.

23 2. Except as otherwise provided by this chapter, the State
24 Auditor shall not disclose the content of any audit before it is
25 presented pursuant to subsection 1.

26 **Sec. 20.** Within 60 working days after the receipt of
27 notification, if corrective action is recommended for:

28 1. The Judicial Department, the Court Administrator shall
29 submit a plan for corrective action to the State Auditor and a copy
30 of the plan to the Director of the Department of Administration.

31 2. An elected officer of the State, the officer shall submit a
32 plan for corrective action to the State Auditor and a copy of the
33 plan to the Director of the Department of Administration.

34 3. Any other agency of the State, the agency shall submit a
35 plan for corrective action to the Director of the Department of
36 Administration and a copy of the plan to the State Auditor. The
37 agency shall commence corrective action pursuant to the plan
38 immediately after its submission.

39 **Sec. 21.** 1. The Director of the Department of
40 Administration shall enforce the provisions of subsection 3 of
41 section 20 of this act.

42 2. The Director may, if the Director determines that such an
43 order is necessary and in the public interest, order the withholding
44 of any portion of the money appropriated to an agency, including
45 the salary of an officer of the agency in the unclassified service of



1 *the State, for the failure or refusal to submit or perform pursuant*
2 *to a plan for corrective action.*

3 *3. An order to withhold money must not be entered except*
4 *upon a hearing following reasonable notice to an affected agency*
5 *of the State.*

6 *4. The Director shall notify the Interim Finance Committee*
7 *and the State Controller of the amount of money ordered to be*
8 *withheld, and the State Controller shall not allow or draw a*
9 *warrant for that amount unless the order is cancelled or*
10 *withdrawn.*

11 **Sec. 22.** *1. Each person who submits a plan for corrective*
12 *action pursuant to subsection 1 or 2 of section 20 of this act shall,*
13 *within 6 months after submission of the plan, submit to the State*
14 *Auditor a report specifying the extent to which the*
15 *recommendations of the State Auditor have been carried out, the*
16 *extent to which the recommendations have not been carried out*
17 *and the reasons for any failure to carry out the recommendations.*

18 *2. The Director of the Department of Administration shall,*
19 *within 6 months after the submission of a plan pursuant to*
20 *subsection 3 of section 20 of this act, submit to the State Auditor a*
21 *report specifying the extent to which the recommendations of the*
22 *State Auditor have been carried out, the extent to which the*
23 *recommendations have not been carried out and the reasons for*
24 *any failure to carry out the recommendations.*

25 *3. The State Auditor shall submit each report received*
26 *pursuant to subsections 1 and 2 to the Governor, the Legislative*
27 *Commission and the Interim Finance Committee. If the*
28 *Legislature is in a regular session, the State Auditor shall also*
29 *submit the reports to each member of the Assembly Standing*
30 *Committee on Ways and Means and the Senate Standing*
31 *Committee on Finance. The Legislative Commission may review*
32 *the reports, conduct hearings to examine any justification for a*
33 *failure to carry out the recommendations of the State Auditor and*
34 *report its findings to the Legislature.*

35 *4. The State Auditor shall notify the:*

36 *(a) Governor; and*

37 *(b) Legislative Commission,*

38 *↪ of any failure to submit a report pursuant to subsection 1 or 2.*

39 **Sec. 23.** *1. Each state agency which is awarded a federal*
40 *grant, a condition of which is the requirement that an audit be*
41 *conducted to ensure compliance with federal regulations, shall*
42 *arrange with the State Auditor for the conducting of the audit and*
43 *remit to the State Auditor, upon the State Auditor's request, a sum*
44 *fixed by the State Auditor which approximates the cost of the*
45 *audit. That amount may later be adjusted to the actual cost of the*



1 *audit. The amount of the cost of the audit which the state agency*
2 *does not contribute must be paid from the Audit Contingency*
3 *Account, which is hereby created in the State General Fund.*

4 *2. If a single audit is required to be conducted pursuant to 31*
5 *U.S.C. § 7502, the Department of Administration shall arrange*
6 *with the State Auditor for the conducting of the single audit and*
7 *remit to the State Auditor, upon the State Auditor's request, a sum*
8 *fixed by the State Auditor which approximates the cost of the audit*
9 *applicable to the additional federal audit requirements. That cost*
10 *may later be adjusted to the actual cost of the audit. The costs of*
11 *the single audit may be included in the statewide cost allocation*
12 *plan prepared pursuant to NRS 353.331.*

13 *3. The State Auditor shall deposit any sum remitted pursuant*
14 *to subsections 1 and 2 with the State Treasurer for credit to the*
15 *Audit Contingency Account. Expenditures from the Account may*
16 *be made only to pay the cost of audits described in subsections 1*
17 *and 2. All vouchers for expenses must be approved by the State*
18 *Auditor and paid as other claims against the State General Fund*
19 *are paid.*

20 **Sec. 24.** *1. The Governor may require the State Auditor to*
21 *conduct, or may choose to contract with a qualified accounting*
22 *firm to perform, an audit which is a prerequisite to the award of a*
23 *grant from the Federal Government to a state agency.*

24 *2. The State Auditor shall keep a list of firms qualified and*
25 *willing to perform such an audit. Firms desiring to be included on*
26 *the list must annually submit to the State Auditor statements of*
27 *qualifications and data relating to the performance of the firm,*
28 *including relevant information regarding any consultants used or*
29 *to be used by the firm.*

30 *3. When the Governor chooses to contract with a firm to*
31 *perform an audit, the State Auditor shall evaluate the data on file*
32 *for each firm, together with any statements which firms may*
33 *submit regarding the proposed audit and any other pertinent*
34 *information. The State Auditor shall prepare a list of not fewer*
35 *than three firms which, in the judgment of the State Auditor, are*
36 *qualified to perform the proposed audit. The State Auditor shall*
37 *submit the list to the Governor.*

38 *4. Two or more separate audits may be combined by the*
39 *Governor to obtain auditing services from a single source. Audits*
40 *combined in this manner shall be deemed a single audit for the*
41 *purposes of compliance with this section and sections 23 and 25 of*
42 *this act.*

43 **Sec. 25.** *1. The Governor shall confer with the State*
44 *Auditor to establish standards of performance to be required of a*
45 *firm chosen to perform an audit. The Governor shall conduct*



1 negotiations with each of the firms recommended for
2 consideration by the State Auditor and shall select the firm or
3 firms which, in the judgment of the Governor, are best qualified to
4 meet the standards of performance established. During the
5 negotiations and in making its selection, the Governor shall
6 consider:

7 (a) The competency of the firms being considered;

8 (b) The estimated cost of the services required to conduct the
9 audit; and

10 (c) The scope and complexity of the services required.

11 2. Each contract for an audit must be signed by the State
12 Auditor and an authorized representative of the firm selected to
13 perform the audit. The State Auditor shall periodically inspect the
14 performance of the firm performing the audit to ensure that the
15 terms of the contract are being complied with.

16 3. Except as otherwise provided in this section and sections
17 23 and 24 of this act, the officers and employees of a firm
18 performing an audit shall keep information disclosed by an audit
19 in strict confidence and shall not disclose the contents of an audit
20 before it is presented to the Governor or submitted to the
21 appropriate federal agency or an entity designated by the federal
22 agency. The officers and employees of the firm have the same
23 rights of access to books, accounts, records, files, correspondence
24 or other documents as those of the State Auditor.

25 4. At the conclusion of the audit, the firm or firms which
26 have performed the audit shall submit a written report of the audit
27 to the State Auditor. The State Auditor shall follow the procedures
28 set forth in section 18 of this act concerning preliminary audit
29 reports and shall attend, or have a member of the State Auditor's
30 staff attend, the discussion held pursuant to that section.

31 5. The State Auditor shall present the final audit report to the
32 Governor and thereafter distribute the report or a summary of the
33 report to Legislators, other appropriate state officers and the head
34 of the agency audited. If federal law requires the State Auditor to
35 submit the final audit report to a federal agency or an entity
36 designated by the federal agency, the State Auditor may submit the
37 report to the federal agency or entity before the State Auditor
38 presents it to the Governor.

39 **Sec. 26. 1.** Except as otherwise provided in subsection 2,
40 each board created by the provisions of NRS 590.485 and chapters
41 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648, 654 and
42 656 of NRS shall:

43 (a) If the revenue of the board from all sources is less than
44 \$50,000 for any fiscal year, prepare a balance sheet for that fiscal
45 year on the form provided by the State Auditor and file the balance



1 *sheet with the State Auditor and the Chief of the Budget Division*
2 *of the Department of Administration on or before December 1*
3 *following the end of that fiscal year. The State Auditor shall*
4 *prepare and make available a form that must be used by a board to*
5 *prepare such a balance sheet.*

6 *(b) If the revenue of the board from all sources is \$50,000 or*
7 *more for any fiscal year, engage the services of a certified public*
8 *accountant or public accountant, or a firm of either of such*
9 *accountants, to audit all its fiscal records for that fiscal year and*
10 *file a report of the audit with the State Auditor and the Chief of*
11 *the Budget Division on or before December 1 following the end of*
12 *that fiscal year.*

13 *2. In lieu of preparing a balance sheet or having an audit*
14 *conducted for a single fiscal year, a board may engage the services*
15 *of a certified public accountant or public accountant, or a firm of*
16 *either of such accountants, to audit all its fiscal records for a*
17 *period covering 2 successive fiscal years. If such an audit is*
18 *conducted, the board shall file the report of the audit with the*
19 *State Auditor and the Chief of the Budget Division on or before*
20 *December 1 following the end of the second fiscal year.*

21 *3. The cost of each audit conducted pursuant to subsection 1*
22 *or 2 must be paid by the board that is audited. Each such audit*
23 *must be conducted in accordance with generally accepted auditing*
24 *standards, and all financial statements must be prepared in*
25 *accordance with generally accepted principles of accounting for*
26 *special revenue funds.*

27 *4. Whether or not a board is required to have its fiscal*
28 *records audited pursuant to subsection 1 or 2, the State Auditor*
29 *shall audit the fiscal records of any such board whenever directed*
30 *to do so by the Governor. When the Governor directs such an*
31 *audit, the Governor shall also determine who is to pay the cost of*
32 *the audit.*

33 *5. A person who is a state officer or employee of a board is*
34 *guilty of nonfeasance if the person:*

35 *(a) Is responsible for preparing a balance sheet or having an*
36 *audit conducted pursuant to this section or is responsible for*
37 *preparing or maintaining the fiscal records that are necessary to*
38 *prepare a balance sheet or have an audit conducted pursuant to*
39 *this section; and*

40 *(b) Knowingly fails to prepare the balance sheet or have the*
41 *audit conducted pursuant to this section or knowingly fails to*
42 *prepare or maintain the fiscal records that are necessary to*
43 *prepare a balance sheet or have an audit conducted pursuant*
44 *to this section.*



1 6. *In addition to any other remedy or penalty, a person who is*
2 *guilty of nonfeasance pursuant to this section forfeits the person's*
3 *state office or employment and may not be appointed to a state*
4 *office or position of state employment for a period of 2 years*
5 *following the forfeiture. The provisions of this subsection do not*
6 *apply to a state officer who may be removed from office only by*
7 *impeachment pursuant to Article 7 of the Nevada Constitution.*

8 **Sec. 27.** *1. Notwithstanding the provisions of any law to the*
9 *contrary, any person who conducts a performance or financial*
10 *audit of an agency, contractor, grant recipient or local*
11 *government pursuant to any law or regulation of this State shall*
12 *provide a copy of the audit report to the State Auditor not later*
13 *than 90 days after completion of the audit.*

14 2. *Upon receipt of a performance or financial audit pursuant*
15 *to subsection 1, the State Auditor may conduct an investigation or*
16 *a hearing to determine whether the use of public money by the*
17 *agency, contractor, grant recipient or local government constitutes*
18 *abuse, fraud or waste.*

19 3. *The State Auditor shall, not later than 30 days after*
20 *completing an investigation or hearing pursuant to subsection 2:*

21 (a) *Publish a report of the findings of the State Auditor on the*
22 *Internet website maintained by the State Auditor; and*

23 (b) *Provide a copy of the report to the Governor, the*
24 *Legislative Commission and the Office of the Attorney General.*

25 **Sec. 28.** *1. The State Auditor, as directed by the Governor*
26 *pursuant to section 10 of this act, shall conduct a special audit of*
27 *an entity which is not an agency of this State but which receives*
28 *an appropriation of public money during any fiscal year. Such an*
29 *audit must, without limitation, examine the use of the public*
30 *money received by the entity.*

31 2. *As a condition of the acceptance of any appropriation of*
32 *public money, an entity which is not an agency of this State must*
33 *agree to make available to the State Auditor all books, accounts,*
34 *claims, reports, vouchers or other records of information,*
35 *confidential or otherwise and irrespective of their form or*
36 *location, that the State Auditor determines to be necessary to*
37 *conduct an audit pursuant to this section.*

38 **Sec. 29.** *As used in sections 29 to 42, inclusive, of this act,*
39 *unless the context otherwise requires, the words and terms defined*
40 *in sections 30 to 36, inclusive, of this act have the meanings*
41 *ascribed to them in those sections.*

42 **Sec. 30.** *"Abuse or neglect of a child" has the meaning*
43 *ascribed to it in NRS 432B.020.*

44 **Sec. 31.** *"Agency which provides child welfare services" has*
45 *the meaning ascribed to it in NRS 432B.030.*



1 **Sec. 32.** *“Family foster home” has the meaning ascribed to it*
2 *in NRS 424.013.*

3 **Sec. 33. 1.** *“Governmental facility for children” means any*
4 *facility, detention center, treatment center, hospital, institution,*
5 *group shelter or other establishment which is owned or operated*
6 *by a governmental entity and which has physical custody of*
7 *children pursuant to the order of a court.*

8 **2.** *The term does not include any facility, detention center,*
9 *treatment center, hospital, institution, group shelter or other*
10 *establishment which is licensed as a family foster home or group*
11 *foster home, except one which provides emergency shelter care or*
12 *which is capable of handling children who require special care for*
13 *physical, mental or emotional reasons.*

14 **Sec. 34.** *“Group foster home” has the meaning ascribed to it*
15 *in NRS 424.015.*

16 **Sec. 35.** *“Near fatality” means an act that places a child in*
17 *serious or critical condition as verified orally or in writing by a*
18 *physician, a registered nurse or other licensed provider of health*
19 *care. Such verification may be given in person or by telephone,*
20 *mail, electronic mail or facsimile.*

21 **Sec. 36. 1.** *“Private facility for children” means any*
22 *facility, detention center, treatment center, hospital, institution,*
23 *group shelter or other establishment which is owned or operated*
24 *by a person and which has physical custody of children pursuant*
25 *to the order of a court.*

26 **2.** *The term does not include any facility, detention center,*
27 *treatment center, hospital, institution, group shelter or other*
28 *establishment which is licensed as a family foster home or group*
29 *foster home, except one which provides emergency shelter care or*
30 *which is capable of handling children who require special care for*
31 *physical, mental or emotional reasons.*

32 **Sec. 37. 1.** *Any time that a child who has had contact with,*
33 *or who has been in the custody of, an agency which provides child*
34 *welfare services suffers a fatality or a near fatality, the agency*
35 *which provides child welfare services shall notify the State Auditor*
36 *or the State Auditor’s designee and shall forward to the State*
37 *Auditor or designee as soon as possible any files, notes,*
38 *information and records which the agency has concerning the*
39 *child, the manner in which the case was handled, any services that*
40 *were provided to the child or the family of the child and any other*
41 *relevant information.*

42 **2.** *The State Auditor or designee shall review the information*
43 *obtained pursuant to subsection 1 to determine whether the case*
44 *was handled in a manner which is consistent with state and*
45 *federal law and to determine whether any measures, procedures or*



1 *protocols could have assisted in preventing the fatality or near*
2 *fatality.*

3 *3. Each agency which provides child welfare services shall:*

4 *(a) Cooperate fully with the State Auditor or designee;*

5 *(b) Provide the State Auditor or designee with any data,*
6 *reports or information concerning a report or investigation of the*
7 *abuse or neglect of a child and the response by the agency; and*

8 *(c) Allow the State Auditor to inspect, review and copy any*
9 *records, reports and other documents relevant to his or her duties*
10 *pursuant to this section.*

11 **Sec. 38. 1. Except as otherwise provided in subsections 2**
12 **and 3, upon request, the State Auditor or the State Auditor's**
13 **designee shall provide data and information obtained pursuant to**
14 **section 37 of this act concerning a child who suffered a fatality or**
15 **near fatality who had contact with or who was in the custody of an**
16 **agency which provides child welfare services. The data or**
17 **information which must be disclosed includes, without limitation:**

18 *(a) A summary of the report of the abuse or neglect of the*
19 *child and a factual description of the contents of the report;*

20 *(b) The date of birth and gender of the child;*

21 *(c) The date that the child suffered the fatality or near fatality;*

22 *(d) The cause of the fatality or near fatality, if such*
23 *information has been determined;*

24 *(e) Whether the agency which provides child welfare services*
25 *had any contact with the child or a member of the child's family*
26 *or household before the fatality or near fatality and, if so:*

27 *(1) The frequency of any contact or communication with*
28 *the child or a member of the child's family or household before*
29 *the fatality or near fatality and the date on which the last contact*
30 *or communication occurred before the fatality or near fatality;*

31 *(2) Whether the agency which provides child welfare*
32 *services provided any child welfare services to the child or to a*
33 *member of the child's family or household before or at the time of*
34 *the fatality or near fatality;*

35 *(3) Whether the agency which provides child welfare*
36 *services made any referrals for child welfare services for the child*
37 *or for a member of the child's family or household before or at the*
38 *time of the fatality or near fatality;*

39 *(4) Whether the agency which provides child welfare*
40 *services took any other actions concerning the welfare of the child*
41 *before or at the time of the fatality or near fatality; and*

42 *(5) A summary of the status of the child's case at the time*
43 *of the fatality or near fatality, including, without limitation,*
44 *whether the child's case was closed by the agency which provides*



1 *child welfare services before the fatality or near fatality and, if so,*
2 *the reasons that the case was closed; and*

3 *(f) Whether the agency which provides child welfare services,*
4 *in response to the fatality or near fatality:*

5 *(1) Has provided or intends to provide child welfare*
6 *services to the child or to a member of the child's family or*
7 *household;*

8 *(2) Has made or intends to make a referral for child*
9 *welfare services for the child or for a member of the child's family*
10 *or household; and*

11 *(3) Has taken or intends to take any other action*
12 *concerning the welfare and safety of the child or a member of the*
13 *child's family or household.*

14 *2. The State Auditor or designee shall not disclose*
15 *information pursuant to subsection 1 unless the person making*
16 *the request has requested such information from the agency which*
17 *provides child welfare services and has been denied access to such*
18 *information or has not received the information in a timely*
19 *manner.*

20 *3. The State Auditor or designee shall not disclose the*
21 *following data or information pursuant to subsection 1:*

22 *(a) Except as otherwise provided in subsection 3 of NRS*
23 *432B.290, data or information concerning the identity of the*
24 *person responsible for reporting the abuse or neglect of the child*
25 *to a public agency;*

26 *(b) The name of the child who suffered a near fatality or the*
27 *name of any member of the family or other person who lives in the*
28 *household of the child who suffered the fatality or near fatality;*

29 *(c) A privileged communication between an attorney and*
30 *client; or*

31 *(d) Information that may undermine a criminal investigation*
32 *or pending criminal prosecution.*

33 **Sec. 39.** *The State Auditor, as directed by the Governor*
34 *pursuant to section 10 of this act, shall conduct performance*
35 *audits of governmental facilities for children.*

36 **Sec. 40.** *The State Auditor or the State Auditor's designee*
37 *shall inspect, review and survey governmental facilities for*
38 *children and private facilities for children to determine whether*
39 *such facilities adequately protect the health, safety and welfare of*
40 *the children in the facilities and whether the facilities respect the*
41 *civil and other rights of the children in their care.*

42 **Sec. 41.** *The State Auditor or the State Auditor's designee, in*
43 *performing his or her duties pursuant to section 40 of this act,*
44 *shall:*



1 1. Receive and review copies of all guidelines used by
2 governmental facilities for children and private facilities for
3 children concerning the health, safety, welfare, and civil and other
4 rights of children;

5 2. Receive and review copies of each complaint that is filed by
6 any child or other person on behalf of a child who is under the
7 care of a governmental facility for children or private facility for
8 children concerning the health, safety, welfare, and civil and other
9 rights of the child;

10 3. Perform unannounced site visits and on-site inspections of
11 governmental facilities for children and private facilities for
12 children;

13 4. Review reports and other documents prepared by
14 governmental facilities for children and private facilities for
15 children concerning the disposition of any complaint which was
16 filed by any child or other person on behalf of a child concerning
17 the health, safety, welfare, and civil and other rights of the child;

18 5. Review the practices, policies and procedures of
19 governmental facilities for children and private facilities for
20 children for filing and investigating complaints made by children
21 under their care or by any other person on behalf of such children
22 concerning the health, safety, welfare, and civil and other rights of
23 the children; and

24 6. Receive, review and evaluate all information and reports
25 from a governmental facility for children or private facility for
26 children relating to a child who suffers a fatality or near fatality
27 while under the care or custody of the facility.

28 **Sec. 42.** Each governmental facility for children and private
29 facility for children shall:

30 1. Cooperate fully with the State Auditor or the State
31 Auditor's designee in the performance of his or her duties
32 pursuant to sections 40 and 41 of this act;

33 2. Allow the State Auditor or designee to enter the facility and
34 any area within the facility with or without prior notice;

35 3. Allow the State Auditor or designee to interview children
36 and staff at the facility;

37 4. Allow the State Auditor or designee to inspect, review and
38 copy any records, reports and other documents relevant to his or
39 her duties; and

40 5. Forward to the State Auditor or designee copies of any
41 complaint that is filed by a child under the care or custody of a
42 governmental facility for children or private facility for children
43 or by any other person on behalf of such a child concerning the
44 health, safety, welfare, and civil and other rights of the child.



1 **Sec. 43.** Chapter 218A of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *“State Auditor” means the person elected or serving as the*
4 *State Auditor and the executive head of the Office of the State*
5 *Auditor.*

6 **Sec. 44.** NRS 218A.003 is hereby amended to read as follows:

7 218A.003 As used in this title, unless the context otherwise
8 requires, the words and terms defined in NRS 218A.006 to
9 218A.090, inclusive, *and section 43 of this act* have the meanings
10 ascribed to them in those sections.

11 **Sec. 45.** NRS 218E.205 is hereby amended to read as follows:

12 218E.205 1. Between regular sessions, the Legislative
13 Commission:

14 (a) Shall fix the work priority of all studies and investigations
15 assigned to it by a concurrent resolution or directed by an order of
16 the Legislative Commission, within the limits of available time,
17 money and staff.

18 (b) Shall not make studies or investigations directed by a
19 resolution of only one House or studies or investigations proposed
20 but not approved during the preceding regular session.

21 2. All requests for the drafting of legislative measures to be
22 recommended as the result of a study or investigation must be made
23 in accordance with NRS 218D.160.

24 3. Except as otherwise provided by NRS 218E.210, between
25 regular sessions, a study or investigation may not be initiated or
26 continued by the Fiscal Analysts, ~~the Legislative Auditor,~~ the
27 Legislative Counsel or the Research Director and their staffs, except
28 studies and investigations which have been specifically authorized
29 by a concurrent resolution or by an order of the Legislative
30 Commission.

31 4. A study or investigation may not be carried over from one
32 regular session to the next without additional authorization by a
33 concurrent resolution, except audits in progress whose carryover has
34 been approved by the Legislative Commission.

35 5. Except as otherwise provided by specific statute, the staff of
36 the Legislative Counsel Bureau shall not serve as primary
37 administrative or professional staff for a committee unless the chair
38 of the committee is required by statute or resolution to be a
39 Legislator.

40 6. The Legislative Commission shall review and approve the
41 budget and work program and any changes to the budget or work
42 program for each study or investigation conducted by the
43 Legislative Commission or a committee or subcommittee
44 established by the Legislative Commission.



1 7. A committee or subcommittee established to conduct a study
2 or investigation assigned to the Legislative Commission by a
3 concurrent resolution or directed by an order of the Legislative
4 Commission must, unless otherwise ordered by the Legislative
5 Commission, meet not earlier than January 1 of the even-numbered
6 year and not later than June 30 of that year.

7 **Sec. 46.** NRS 218E.240 is hereby amended to read as follows:

8 218E.240 1. There is hereby created an Audit Subcommittee
9 of the Legislative Commission consisting of five members.

10 2. The Chair of the Legislative Commission shall:

11 (a) Appoint the members of the Audit Subcommittee from
12 among the members of the Legislative Commission and the Interim
13 Finance Committee; and

14 (b) Designate one of the members of the Audit Subcommittee as
15 Chair.

16 3. The Chair of the Legislative Commission shall designate
17 five Legislators from among the members of the Legislative
18 Commission and the Interim Finance Committee to serve as
19 alternates for the members of the Audit Subcommittee.

20 4. ~~The Legislative Auditor or a member of the staff of the~~
21 ~~Audit Division appointed by the Legislative Auditor shall serve as~~
22 ~~Secretary of the Audit Subcommittee.~~

23 ~~5.~~ The Audit Subcommittee shall meet at the times and places
24 specified by a call of the Chair.

25 ~~6.~~ 5. Three members of the Audit Subcommittee constitute a
26 quorum, and a quorum may exercise all the power and authority
27 conferred on the Audit Subcommittee.

28 **Sec. 47.** NRS 218F.100 is hereby amended to read as follows:

29 218F.100 1. There is hereby created the Legislative Counsel
30 Bureau, which consists of a Legislative Commission, an Interim
31 Finance Committee, a Director, ~~an Audit Division,~~ a Fiscal
32 Analysis Division, a Legal Division, a Research Division and an
33 Administrative Division.

34 2. ~~The Legislative Auditor is chief of the Audit Division.~~ The
35 Legislative Counsel is chief of the Legal Division. The Research
36 Director is chief of the Research Division. The Director shall
37 designate from time to time one of the Fiscal Analysts or another
38 employee of the Fiscal Analysis Division to be responsible for the
39 administration of the Fiscal Analysis Division.

40 3. The Legislative Commission shall appoint the Director. The
41 Director shall appoint the Fiscal Analysts and the chiefs of the
42 divisions with the approval of the Legislative Commission, and may
43 serve as the chief of any division.



1 4. The Director may, with the consent of the Legislative
2 Commission, designate one of the other division chiefs or an
3 employee of the Legislative Counsel Bureau as Deputy Director.

4 **Sec. 48.** NRS 218F.150 is hereby amended to read as follows:

5 218F.150 1. The Director and other officers and employees
6 of the Legislative Counsel Bureau shall not:

7 (a) Oppose or urge legislation, except as the duties of the
8 Director, ~~the Legislative Auditor,~~ the Legislative Counsel, the
9 Research Director and the Fiscal Analysts require them to make
10 recommendations to the Legislature.

11 (b) Except as otherwise provided in this section, NRS 218D.130,
12 218D.135, 218D.250 and 353.211, disclose to any person outside
13 the Legislative Counsel Bureau the nature or content of any matter
14 entrusted to the Legislative Counsel Bureau, and such matter is
15 confidential and privileged and is not subject to subpoena, unless the
16 person entrusting the matter to the Legislative Counsel Bureau
17 requests or consents to the disclosure.

18 2. The nature or content of any work previously done by the
19 officers and employees of the Research Division may be disclosed if
20 or to the extent that the disclosure does not reveal the identity of the
21 person who requested it or include any material submitted by the
22 requester which has not been published or publicly disclosed.

23 3. The nature and content of the work product of the officers
24 and employees of the Legal Division and the Fiscal Analysis
25 Division are confidential and privileged and are not subject to
26 subpoena.

27 4. When a statute has been enacted or a resolution adopted, the
28 Legislative Counsel shall upon request disclose to any person the
29 state or other jurisdiction from whose law it appears to have been
30 adopted.

31 5. The records of the travel expenses of Legislators and officers
32 and employees of the Legislature and the Legislative Counsel
33 Bureau are available for public inspection at such reasonable hours
34 and under such other conditions as the Legislative Commission
35 prescribes.

36 **Sec. 49.** NRS 218H.400 is hereby amended to read as follows:

37 218H.400 1. Each registrant shall file with the Director:

38 (a) Within 30 days after the close of a regular or special session,
39 a final report signed under penalty of perjury concerning the
40 registrant's lobbying activities; and

41 (b) Between the 1st and 10th day of the month after each month
42 that the Legislature is in a regular or special session, a report
43 concerning the registrant's lobbying activities during the previous
44 month, whether or not any expenditures were made.

45 2. Each report must:



- 1 (a) Be on a form prescribed by the Director; and
2 (b) Include the total of all expenditures, if any, made by the
3 registrant on behalf of a Legislator or an organization whose
4 primary purpose is to provide support for Legislators of a particular
5 political party and House, including expenditures made by others on
6 behalf of the registrant if the expenditures were made with the
7 registrant's express or implied consent or were ratified by the
8 registrant.

9 3. Except as otherwise provided in subsection 6, the report:

10 (a) Must identify each Legislator and each organization whose
11 primary purpose is to provide support for Legislators of a particular
12 political party and House on whose behalf expenditures were made;

13 (b) Must be itemized with respect to each such Legislator and
14 organization; and

15 (c) Does not have to include any expenditure made on behalf of
16 a person other than a Legislator or an organization whose primary
17 purpose is to provide support for Legislators of a particular political
18 party and House, unless the expenditure is made for the benefit of a
19 Legislator or such an organization.

20 4. If expenditures made by or on behalf of a registrant during
21 the previous month exceed \$50, the report must include a
22 compilation of expenditures, itemized in the manner required by the
23 regulations of the Legislative Commission, in the following
24 categories:

25 (a) Entertainment;

26 (b) Expenditures made in connection with a party or similar
27 event hosted by the organization represented by the registrant;

28 (c) Gifts and loans, including money, services and anything of
29 value provided to a Legislator, to an organization whose primary
30 purpose is to provide support for Legislators of a particular political
31 party and House, or to any other person for the benefit of a
32 Legislator or such an organization; and

33 (d) Other expenditures directly associated with legislative
34 action, not including personal expenditures for food, lodging and
35 travel expenses or membership dues.

36 5. The Legislative Commission may ~~authorize~~ **conduct** an
37 audit or investigation ~~by the Legislative Auditor~~ that is proper and
38 necessary to verify compliance with the provisions of this section. If
39 the Legislative Commission ~~authorizes~~ **conducts** such an audit or
40 investigation:

41 (a) A lobbyist shall make available to the Legislative ~~Auditor~~
42 **Commission** all books, accounts, claims, reports, vouchers and other
43 records requested by the Legislative ~~Auditor~~ **Commission** in
44 connection with any such audit or investigation.



1 (b) The Legislative ~~Auditor~~ *Commission* shall confine
2 requests for such records to those which specifically relate to the
3 lobbyist's compliance with the reporting requirements of this
4 section.

5 6. A report filed pursuant to this section must not itemize with
6 respect to each Legislator an expenditure if the expenditure is the
7 cost of a function to which every Legislator was invited. For the
8 purposes of this subsection, "function" means a party, meal or other
9 social event.

10 **Sec. 50.** NRS 232.213 is hereby amended to read as follows:
11 232.213 1. The Department of Administration is hereby
12 created.

13 2. The Department consists of a Director and the following:

14 (a) Budget Division.

15 (b) Risk Management Division.

16 (c) Hearings Division, which consists of hearing officers,
17 compensation officers and appeals officers.

18 (d) State Public Works Division.

19 (e) Purchasing Division.

20 (f) Administrative Services Division.

21 ~~(g) Division of Internal Audits;~~

22 ~~(h)~~ (i) Division of Human Resource Management.

23 ~~(g)~~ (h) Division of Enterprise Information Technology
24 Services.

25 ~~(i)~~ (j) Division of State Library and Archives.

26 ~~(k)~~ (l) Office of Grant Procurement, Coordination and
27 Management.

28 3. The Director may establish a Motor Pool Division or may
29 assign the functions of the State Motor Pool to one of the other
30 divisions of the Department.

31 **Sec. 51.** NRS 232.215 is hereby amended to read as follows:
32 232.215 The Director:

33 1. Shall appoint an Administrator of the:

34 (a) Risk Management Division;

35 (b) State Public Works Division;

36 (c) Purchasing Division;

37 (d) Administrative Services Division;

38 ~~(e) Division of Internal Audits;~~

39 ~~(f)~~ (g) Division of Human Resource Management;

40 ~~(g)~~ (h) Division of Enterprise Information Technology
41 Services;

42 ~~(h)~~ (i) Division of State Library and Archives;

43 ~~(i)~~ (j) Office of Grant Procurement, Coordination and
44 Management; and

45 ~~(j)~~ (k) Motor Pool Division, if separately established.



1 2. Shall appoint a Chief of the Budget Division, or may serve
2 in this position if the Director has the qualifications required by
3 NRS 353.175.

4 3. Shall serve as Chief of the Hearings Division and shall
5 appoint the hearing officers and compensation officers. The Director
6 may designate one of the appeals officers in the Division to
7 supervise the administrative, technical and procedural activities of
8 the Division.

9 4. Is responsible for the administration, through the divisions
10 of the Department, of the provisions of chapters 233F, 242, 284,
11 331, 333, 336, 338 and 341 of NRS, NRS 353.150 to 353.246,
12 inclusive, ~~and 353A.031 to 353A.100, inclusive,~~ chapter 378 of
13 NRS and all other provisions of law relating to the functions of the
14 divisions of the Department.

15 5. Is responsible for the administration of the laws of this State
16 relating to the negotiation and procurement of medical services and
17 other benefits for state agencies.

18 6. Has such other powers and duties as are provided by law.

19 **Sec. 52.** NRS 232.2165 is hereby amended to read as follows:

20 232.2165 The Administrator of:

21 1. The State Public Works Division;

22 2. The Purchasing Division;

23 3. The Administrative Services Division;

24 4. ~~The Division of Internal Audits;~~

25 ~~5.~~ The Division of Human Resource Management;

26 ~~6.~~ 5. The Division of Enterprise Information Technology
27 Services;

28 ~~7.~~ 6. The Division of State Library and Archives;

29 ~~8.~~ 7. The Office of Grant Procurement, Coordination and
30 Management; and

31 ~~9.~~ 8. If separately established, the Motor Pool Division,
32 of the Department serves at the pleasure of the Director and is in
33 the unclassified service of the State.

34 **Sec. 53.** NRS 232.217 is hereby amended to read as follows:

35 232.217 Unless federal law or regulation otherwise requires,
36 the Chief of the Budget Division and the Administrator of the:

37 1. State Public Works Division;

38 2. Purchasing Division;

39 3. ~~Division of Internal Audits;~~

40 ~~4.~~ Division of Human Resource Management;

41 ~~5.~~ 4. Division of Enterprise Information Technology
42 Services;

43 ~~6.~~ 5. Division of State Library and Archives; and

44 ~~7.~~ 6. Motor Pool Division, if separately established,



1 ↳ may appoint a Deputy and a Chief Assistant in the unclassified
2 service of the State, who shall not engage in any other gainful
3 employment or occupation except as otherwise provided in
4 NRS 284.143.

5 **Sec. 54.** NRS 232.219 is hereby amended to read as follows:

6 232.219 1. The Department of Administration's Operating
7 Fund for Administrative Services is hereby created as an internal
8 service fund.

9 2. The operating budget of each of the following entities must
10 include an amount representing that entity's share of the operating
11 costs of the central accounting function of the Department:

12 (a) State Public Works Division;

13 (b) Budget Division;

14 (c) Purchasing Division;

15 (d) Hearings Division;

16 (e) Risk Management Division;

17 (f) ~~Division of Internal Audits;~~

18 ~~(g)~~ (g) Division of Human Resource Management;

19 ~~(h)~~ (g) Division of Enterprise Information Technology
20 Services;

21 ~~(i)~~ (h) Division of State Library and Archives; and

22 ~~(j)~~ (i) If separately established, the Motor Pool Division.

23 3. All money received for the central accounting services of the
24 Department must be deposited in the State Treasury for credit to
25 the Operating Fund.

26 4. All expenses of the central accounting function of the
27 Department must be paid from the Fund as other claims against the
28 State are paid.

29 **Sec. 55.** NRS 239C.210 is hereby amended to read as follows:

30 239C.210 1. A document, record or other item of information
31 described in subsection 2 that is prepared and maintained for the
32 purpose of preventing or responding to an act of terrorism is
33 confidential, not subject to subpoena or discovery, not subject to
34 inspection by the general public and may only be inspected by or
35 released to:

36 (a) Public safety and public health personnel; and

37 (b) Except as otherwise provided in this subsection, the
38 ~~Legislative~~ State Auditor conducting a postaudit pursuant to ~~NRS~~
39 ~~218G.010 to 218G.555,~~ sections 2 to 42, inclusive, of this act,

40 ↳ if the Governor determines, by executive order, that the
41 disclosure or release of the document, record or other item of
42 information would thereby create a substantial likelihood of
43 compromising, jeopardizing or otherwise threatening the public
44 health, safety or welfare. Any information that is inspected by or
45 released to the ~~Legislative~~ State Auditor pursuant to this



1 subsection is not subject to the exception from confidentiality set
2 forth in ~~NRS 218G.130.~~ *section 11 of this act.* The ~~Legislative~~
3 *State Auditor* may confirm that vulnerability assessments have been
4 submitted to or are in the possession of a state agency that is the
5 subject of a postaudit, but the assessments must not be inspected by
6 or released to the ~~Legislative~~ *State Auditor*. An employee of the
7 ~~Audit Division~~ *Office* of the ~~Legislative Counsel Bureau~~ *State*
8 *Auditor* who is conducting a postaudit that includes access to
9 documents or information subject to the provisions of this section
10 must be properly cleared through federal criteria or state or local
11 background investigation and instructed, trained or certified, as
12 applicable, regarding the security sensitivity of the documents or
13 information.

14 2. The types of documents, records or other items of
15 information subject to executive order pursuant to subsection 1 are
16 as follows:

17 (a) Assessments, plans or records that evaluate or reveal the
18 susceptibility of fire stations, police stations and other law
19 enforcement stations to acts of terrorism or other related
20 emergencies.

21 (b) Drawings, maps, plans or records that reveal the critical
22 infrastructure of primary buildings, facilities and other structures
23 used for storing, transporting or transmitting water or electricity,
24 natural gas or other forms of energy.

25 (c) Documents, records or other items of information which may
26 reveal the details of a specific emergency response plan or other
27 tactical operations by a response agency and any training relating to
28 such emergency response plans or tactical operations.

29 (d) Handbooks, manuals or other forms of information detailing
30 procedures to be followed by response agencies in the event of an
31 act of terrorism or other related emergency.

32 (e) Documents, records or other items of information that reveal
33 information pertaining to specialized equipment used for covert,
34 emergency or tactical operations of a response agency, other than
35 records relating to expenditures for such equipment.

36 (f) Documents, records or other items of information regarding
37 the infrastructure and security of frequencies for radio transmissions
38 used by response agencies, including, without limitation:

39 (1) Access codes, passwords or programs used to ensure the
40 security of frequencies for radio transmissions used by response
41 agencies;

42 (2) Procedures and processes used to ensure the security of
43 frequencies for radio transmissions used by response agencies; and

44 (3) Plans used to re-establish security and service with
45 respect to frequencies for radio transmissions used by response



1 agencies after security has been breached or service has been
2 interrupted.

3 (g) Vulnerability assessments and emergency response plans of
4 utilities, public entities and private businesses in this State. As used
5 in this paragraph, "public entities" means departments, agencies or
6 instrumentalities of the State, any of its political subdivisions or
7 tribal governments. The term includes general improvement
8 districts.

9 3. If a person knowingly and unlawfully discloses a document,
10 record or other item of information subject to an executive order
11 issued pursuant to subsection 1 or assists, solicits or conspires with
12 another person to disclose such a document, record or other item of
13 information, the person is guilty of:

14 (a) A gross misdemeanor; or

15 (b) A category C felony and shall be punished as provided in
16 NRS 193.130 if the person acted with the intent to:

17 (1) Commit, cause, aid, further or conceal, or attempt to
18 commit, cause, aid, further or conceal, any unlawful act involving
19 terrorism or sabotage; or

20 (2) Assist, solicit or conspire with another person to commit,
21 cause, aid, further or conceal any unlawful act involving terrorism
22 or sabotage.

23 4. The Governor shall review the documents, records and other
24 items of information determined by executive order pursuant to
25 subsection 1 to be confidential every 10 years to assess the
26 continued need for the documents, records and other items of
27 information to remain confidential.

28 5. As used in this section, "public safety and public health
29 personnel" includes:

30 (a) State, county, city and tribal emergency managers;

31 (b) Members and staff of terrorism early warning centers or
32 fusion intelligence centers in this State;

33 (c) Employees of fire-fighting or law enforcement agencies, if
34 the head of the agency has designated the employee as having an
35 operational need to know of information that is prepared or
36 maintained for the purpose of preventing or responding to an act of
37 terrorism; and

38 (d) Employees of a public health agency, if the agency is one
39 that would respond to a disaster and if the head of the agency has
40 designated the employee as having an operational need to know of
41 information that is prepared or maintained for the purpose of
42 preventing or responding to an act of terrorism. As used in this
43 paragraph, "disaster" has the meaning ascribed to it in
44 NRS 414.0335.



1 **Sec. 56.** NRS 277.200 is hereby amended to read as follows:
2 277.200 The Tahoe Regional Planning Compact is as follows:
3

4 **Tahoe Regional Planning Compact**
5

6 **ARTICLE I. Findings and Declarations of Policy**
7

8 (a) It is found and declared that:

9 (1) The waters of Lake Tahoe and other resources of the
10 region are threatened with deterioration or degeneration, which
11 endangers the natural beauty and economic productivity of the
12 region.

13 (2) The public and private interests and investments in the
14 region are substantial.

15 (3) The region exhibits unique environmental and ecological
16 values which are irreplaceable.

17 (4) By virtue of the special conditions and circumstances of
18 the region's natural ecology, developmental pattern, population
19 distribution and human needs, the region is experiencing problems
20 of resource use and deficiencies of environmental control.

21 (5) Increasing urbanization is threatening the ecological
22 values of the region and threatening the public opportunities for use
23 of the public lands.

24 (6) Maintenance of the social and economic health of the
25 region depends on maintaining the significant scenic, recreational,
26 educational, scientific, natural and public health values provided by
27 the Lake Tahoe Basin.

28 (7) There is a public interest in protecting, preserving and
29 enhancing these values for the residents of the region and for
30 visitors to the region.

31 (8) Responsibilities for providing recreational and scientific
32 opportunities, preserving scenic and natural areas, and safeguarding
33 the public who live, work and play in or visit the region are divided
34 among local governments, regional agencies, the states of California
35 and Nevada, and the Federal Government.

36 (9) In recognition of the public investment and multistate and
37 national significance of the recreational values, the Federal
38 Government has an interest in the acquisition of recreational
39 property and the management of resources in the region to preserve
40 environmental and recreational values, and the Federal Government
41 should assist the states in fulfilling their responsibilities.

42 (10) In order to preserve the scenic beauty and outdoor
43 recreational opportunities of the region, there is a need to insure an
44 equilibrium between the region's natural endowment and its man-
45 made environment.



1 (b) In order to enhance the efficiency and governmental
2 effectiveness of the region, it is imperative that there be established
3 a Tahoe Regional Planning Agency with the powers conferred by
4 this compact including the power to establish environmental
5 threshold carrying capacities and to adopt and enforce a regional
6 plan and implementing ordinances which will achieve and maintain
7 such capacities while providing opportunities for orderly growth and
8 development consistent with such capacities.

9 (c) The Tahoe Regional Planning Agency shall interpret and
10 administer its plans, ordinances, rules and regulations in accordance
11 with the provisions of this compact.
12

13 **ARTICLE II. Definitions**
14

15 As used in this compact:

16 (a) "Region," includes Lake Tahoe, the adjacent parts of
17 Douglas and Washoe counties and Carson City, which for the
18 purposes of this compact shall be deemed a county, lying within the
19 Tahoe Basin in the State of Nevada, and the adjacent parts of
20 the Counties of Placer and El Dorado lying within the Tahoe Basin
21 in the State of California, and that additional and adjacent part of the
22 County of Placer outside of the Tahoe Basin in the State of
23 California which lies southward and eastward of a line starting at the
24 intersection of the basin crestline and the north boundary of Section
25 1, thence west to the northwest corner of Section 3, thence south to
26 the intersection of the basin crestline and the west boundary of
27 Section 10; all sections referring to Township 15 North, Range 16
28 East, M.D.B. & M. The region defined and described herein shall be
29 as precisely delineated on official maps of the agency.

30 (b) "Agency" means the Tahoe Regional Planning Agency.

31 (c) "Governing body" means the governing board of the Tahoe
32 Regional Planning Agency.

33 (d) "Regional plan" means the long-term general plan for the
34 development of the region.

35 (e) "Planning commission" means the advisory planning
36 commission appointed pursuant to subdivision (h) of Article III.

37 (f) "Gaming" means to deal, operate, carry on, conduct,
38 maintain or expose for play any banking or percentage game played
39 with cards, dice or any mechanical device or machine for money,
40 property, checks, credit or any representative of value, including,
41 without limiting the generality of the foregoing, faro, monte,
42 roulette, keno, bingo, fantan, twenty-one, blackjack, seven-and-a-
43 half, big injun, klondike, craps, stud poker, draw poker or slot
44 machine, but does not include social games played solely for drinks,
45 or cigars or cigarettes served individually, games played in private



1 homes or residences for prizes or games operated by charitable or
2 educational organizations, to the extent excluded by applicable state
3 law.

4 (g) "Restricted gaming license" means a license to operate not
5 more than 15 slot machines on which a quarterly fee is charged
6 pursuant to NRS 463.373 and no other games.

7 (h) "Project" means an activity undertaken by any person,
8 including any public agency, if the activity may substantially affect
9 the land, water, air, space or any other natural resources of the
10 region.

11 (i) "Environmental threshold carrying capacity" means an
12 environmental standard necessary to maintain a significant scenic,
13 recreational, educational, scientific or natural value of the region or
14 to maintain public health and safety within the region. Such
15 standards shall include but not be limited to standards for air quality,
16 water quality, soil conservation, vegetation preservation and noise.

17 (j) "Feasible" means capable of being accomplished in a
18 successful manner within a reasonable period of time, taking into
19 account economic, environmental, social and technological factors.

20 (k) "Areas open to public use" means all of the areas within a
21 structure housing gaming under a nonrestricted license except areas
22 devoted to the private use of guests.

23 (l) "Areas devoted to private use of guests" means hotel rooms
24 and hallways to serve hotel room areas, and any parking areas. A
25 hallway serves hotel room areas if more than 50 percent of the areas
26 on each side of the hallway are hotel rooms.

27 (m) "Nonrestricted license" means a gaming license which is not
28 a restricted gaming license.

29
30 **ARTICLE III. Organization**

31
32 (a) There is created the Tahoe Regional Planning Agency as a
33 separate legal entity.

34 The governing body of the agency shall be constituted as
35 follows:

36 (1) California delegation:

37 (A) One member appointed by each of the County Boards of
38 Supervisors of the Counties of El Dorado and Placer and one
39 member appointed by the City Council of the City of South Lake
40 Tahoe. Any such member may be a member of the county board of
41 supervisors or city council, respectively, and shall reside in the
42 territorial jurisdiction of the governmental body making the
43 appointment.

44 (B) Two members appointed by the Governor of California, one
45 member appointed by the Speaker of the Assembly of California



1 and one member appointed by the Senate Rules Committee of the
2 State of California. The members appointed pursuant to this
3 subparagraph shall not be residents of the region and shall represent
4 the public at large within the State of California.

5 (2) Nevada delegation:

6 (A) One member appointed by each of the boards of county
7 commissioners of Douglas and Washoe counties and one member
8 appointed by the board of supervisors of Carson City. Any such
9 member may be a member of the board of county commissioners or
10 board of supervisors, respectively, and shall reside in the territorial
11 jurisdiction of the governmental body making the appointment.

12 (B) One member appointed by the governor of Nevada, the
13 secretary of state of Nevada or his designee, and the director of the
14 state department of conservation and natural resources of Nevada or
15 his designee. Except for the secretary of state and the director of the
16 state department of conservation and natural resources, the members
17 or designees appointed pursuant to this subparagraph shall not be
18 residents of the region. All members appointed pursuant to this
19 subparagraph shall represent the public at large within the State of
20 Nevada.

21 (C) One member appointed for a 1-year term by the six other
22 members of the Nevada delegation. If at least four members of the
23 Nevada delegation are unable to agree upon the selection of a
24 seventh member within 60 days after the effective date of the
25 amendments to this compact or the occurrence of a vacancy on the
26 governing body for that state the governor of the State of Nevada
27 shall make such an appointment. The member appointed pursuant to
28 this subparagraph may, but is not required to, be a resident of the
29 region within the State of Nevada.

30 (3) If any appointing authority under paragraph (1)(A), (1)(B),
31 (2)(A) or (2)(B) fails to make such an appointment within 60 days
32 after the effective date of the amendments to this compact or the
33 occurrence of a vacancy on the governing body, the governor of
34 the state in which the appointing authority is located shall make the
35 appointment. The term of any member so appointed shall be 1 year.

36 (4) The position of any member of the governing body shall be
37 deemed vacant if such a member is absent from three consecutive
38 meetings of the governing body in any calendar year.

39 (5) Each member and employee of the agency shall disclose his
40 economic interests in the region within 10 days after taking his seat
41 on the governing board or being employed by the agency and shall
42 thereafter disclose any further economic interest which he acquires,
43 as soon as feasible after he acquires it. As used in this paragraph,
44 "economic interests" means:



1 (A) Any business entity operating in the region in which the
2 member or employee has a direct or indirect investment worth more
3 than \$1,000;

4 (B) Any real property located in the region in which the member
5 or employee has a direct or indirect interest worth more than \$1,000;

6 (C) Any source of income attributable to activities in the region,
7 other than loans by or deposits with a commercial lending institution
8 in the regular course of business, aggregating \$250 or more in value
9 received by or promised to the member within the preceding 12
10 months; or

11 (D) Any business entity operating in the region in which the
12 member or employee is a director, officer, partner, trustee, employee
13 or holds any position of management.

14 ➤ No member or employee of the agency shall make, or attempt to
15 influence, an agency decision in which he knows or has reason to
16 know he has an economic interest. Members and employees of the
17 agency must disqualify themselves from making or participating in
18 the making of any decision of the agency when it is reasonably
19 foreseeable that the decision will have a material financial effect,
20 distinguishable from its effect on the public generally, on the
21 economic interests of the member or employee.

22 (b) The members of the agency shall serve without
23 compensation, but the expenses of each member shall be met by the
24 body which he represents in accordance with the law of that body.
25 All other expenses incurred by the governing body in the course of
26 exercising the powers conferred upon it by this compact unless met
27 in some other manner specifically provided, shall be paid by the
28 agency out of its own funds.

29 (c) Except for the secretary of state and director of the state
30 department of conservation and natural resources of Nevada and the
31 member appointed pursuant to subdivision (a)(2)(C), the members
32 of the governing body serve at the pleasure of the appointing
33 authority in each case, but each appointment shall be reviewed no
34 less often than every 4 years. Members may be reappointed.

35 (d) The governing body of the agency shall meet at least
36 monthly. All meetings shall be open to the public to the extent
37 required by the law of the State of California or the State of Nevada,
38 whichever imposes the greater requirement, applicable to local
39 governments at the time such meeting is held. The governing body
40 shall fix a date for its regular monthly meeting in such terms as "the
41 first Monday of each month," and shall not change such date more
42 often than once in any calendar year. Notice of the date so fixed
43 shall be given by publication at least once in a newspaper or
44 combination of newspapers whose circulation is general throughout
45 the region and in each county a portion of whose territory lies within



1 the region. Notice of any special meeting, except an emergency
2 meeting, shall be given by so publishing the date and place and
3 posting an agenda at least 5 days prior to the meeting.

4 (e) The position of a member of the governing body shall be
5 considered vacated upon his loss of any of the qualifications
6 required for his appointment and in such event the appointing
7 authority shall appoint a successor.

8 (f) The governing body shall elect from its own members a
9 chairman and vice chairman, whose terms of office shall be 2 years,
10 and who may be reelected. If a vacancy occurs in either office, the
11 governing body may fill such vacancy for the unexpired term.

12 (g) Four of the members of the governing body from each state
13 constitute a quorum for the transaction of the business of the
14 agency. The voting procedures shall be as follows:

15 (1) For adopting, amending or repealing environmental
16 threshold carrying capacities, the regional plan, and ordinances,
17 rules and regulations, and for granting variances from the
18 ordinances, rules and regulations, the vote of at least four of the
19 members of each state agreeing with the vote of at least four
20 members of the other state shall be required to take action. If there is
21 no vote of at least four of the members from one state agreeing with
22 the vote of at least four of the members of the other state on the
23 actions specified in this paragraph, an action of rejection shall be
24 deemed to have been taken.

25 (2) For approving a project, the affirmative vote of at least five
26 members from the state in which the project is located and the
27 affirmative vote of at least nine members of the governing body are
28 required. If at least five members of the governing body from the
29 state in which the project is located and at least nine members of the
30 entire governing body do not vote in favor of the project, upon a
31 motion for approval, an action of rejection shall be deemed to have
32 been taken. A decision by the agency to approve a project shall be
33 supported by a statement of findings, adopted by the agency, which
34 indicates that the project complies with the regional plan and with
35 applicable ordinances, rules and regulations of the agency.

36 (3) For routine business and for directing the agency's staff on
37 litigation and enforcement actions, at least eight members of the
38 governing body must agree to take action. If at least eight votes in
39 favor of such action are not cast, an action of rejection shall be
40 deemed to have been taken.

41 ➤ Whenever under the provisions of this compact or any ordinance,
42 rule, regulation or policy adopted pursuant thereto, the agency is
43 required to review or approve any project, public or private, the
44 agency shall take final action by vote, whether to approve, to require
45 modification or to reject such project, within 180 days after the



1 application for such project is accepted as complete by the agency in
2 compliance with the agency's rules and regulations governing such
3 delivery unless the applicant has agreed to an extension of this time
4 limit. If a final action by vote does not take place within 180 days,
5 the applicant may bring an action in a court of competent
6 jurisdiction to compel a vote unless he has agreed to an extension.
7 This provision does not limit the right of any person to obtain
8 judicial review of agency action under subdivision (h) of Article VI.
9 The vote of each member of the governing body shall be
10 individually recorded. The governing body shall adopt its own rules,
11 regulations and procedures.

12 (h) An advisory planning commission shall be appointed by the
13 agency. The commission shall include: the chief planning officers of
14 Placer County, El Dorado County, and the City of South Lake
15 Tahoe in California and of Douglas County, Washoe County and
16 Carson City in Nevada, the executive officer of the Lahontan
17 Regional Water Quality Control Board of the State of California, the
18 executive officer of the Air Resources Board of the State of
19 California, the director of the state department of conservation and
20 natural resources of the State of Nevada, the administrator of the
21 division of environmental protection in the state department of
22 conservation and natural resources of the State of Nevada, the
23 administrator of the Lake Tahoe Management Unit of the United
24 States Forest Service, and at least four lay members with an equal
25 number from each state, at least half of whom shall be residents of
26 the region. Any official member may designate an alternate.

27 The term of office of each lay member of the advisory planning
28 commission shall be 2 years. Members may be reappointed.

29 The position of each member of the advisory planning
30 commission shall be considered vacated upon loss of any of the
31 qualifications required for appointment, and in such an event the
32 appointing authority shall appoint a successor.

33 The advisory planning commission shall elect from its own
34 members a chairman and a vice chairman, whose terms of office
35 shall be 2 years and who may be reelected. If a vacancy occurs in
36 either office, the advisory planning commission shall fill such
37 vacancy for the unexpired term.

38 A majority of the members of the advisory planning commission
39 constitutes a quorum for the transaction of the business of the
40 commission. A majority vote of the quorum present shall be
41 required to take action with respect to any matter.

42 (i) The agency shall establish and maintain an office within the
43 region, and for this purpose the agency may rent or own property
44 and equipment. Every plan, ordinance and other record of the
45 agency which is of such nature as to constitute a public record under



1 the law of either the State of California or the State of Nevada shall
2 be open to inspection and copying during regular office hours.

3 (j) Each authority charged under this compact or by the law of
4 either state with the duty of appointing a member of the governing
5 body of the agency shall by certified copy of its resolution or other
6 action notify the Secretary of State of its own state of the action
7 taken.

8
9 **ARTICLE IV. Personnel**

10
11 (a) The governing body shall determine the qualification of, and
12 it shall appoint and fix the salary of, the executive officer of the
13 agency, and shall employ such other staff and legal counsel as may
14 be necessary to execute the powers and functions provided for under
15 this compact or in accordance with any intergovernmental contracts
16 or agreements the agency may be responsible for administering.

17 (b) Agency personnel standards and regulations shall conform
18 insofar as possible to the regulations and procedures of the civil
19 service of the State of California or the State of Nevada, as may be
20 determined by the governing body of the agency; and shall be
21 regional and bistrate in application and effect; provided that the
22 governing body may, for administrative convenience and at its
23 discretion, assign the administration of designated personnel
24 arrangements to an agency of either state, and provided that
25 administratively convenient adjustments be made in the standards
26 and regulations governing personnel assigned under
27 intergovernmental agreements.

28 (c) The agency may establish and maintain or participate in such
29 additional programs of employee benefits as may be appropriate to
30 afford employees of the agency terms and conditions of employment
31 similar to those enjoyed by employees of California and Nevada
32 generally.

33
34 **ARTICLE V. Planning**

35
36 (a) In preparing each of the plans required by this article and
37 each amendment thereto, if any, subsequent to its adoption, the
38 planning commission after due notice shall hold at least one public
39 hearing which may be continued from time to time, and shall review
40 the testimony and any written recommendations presented at such
41 hearing before recommending the plan or amendment. The notice
42 required by this subdivision shall be given at least 20 days prior to
43 the public hearing by publication at least once in a newspaper or
44 combination of newspapers whose circulation is general throughout



1 the region and in each county a portion of whose territory lies within
2 the region.

3 The planning commission shall then recommend such plan or
4 amendment to the governing body for adoption by ordinance. The
5 governing body may adopt, modify or reject the proposed plan or
6 amendment, or may initiate and adopt a plan or amendment without
7 referring it to the planning commission. If the governing body
8 initiates or substantially modifies a plan or amendment, it shall hold
9 at least one public hearing thereon after due notice as required in
10 this subdivision.

11 If a request is made for the amendment of the regional plan by:

12 (1) A political subdivision a part of whose territory would be
13 affected by such amendment; or

14 (2) The owner or lessee of real property which would be
15 affected by such amendment,

16 ➤ the governing body shall complete its action on such amendment
17 within 180 days after such request is accepted as complete
18 according to standards which must be prescribed by ordinance of the
19 agency.

20 (b) The agency shall develop, in cooperation with the states of
21 California and Nevada, environmental threshold carrying capacities
22 for the region. The agency should request the President's Council on
23 Environmental Quality, the United States Forest Service and other
24 appropriate agencies to assist in developing such environmental
25 threshold carrying capacities. Within 18 months after the effective
26 date of the amendments to this compact, the agency shall adopt
27 environmental threshold carrying capacities for the region.

28 (c) Within 1 year after the adoption of the environmental
29 threshold carrying capacities for the region, the agency shall amend
30 the regional plan so that, at a minimum, the plan and all of its
31 elements, as implemented through agency ordinances, rules and
32 regulations, achieves and maintains the adopted environmental
33 threshold carrying capacities. Each element of the plan shall contain
34 implementation provisions and time schedules for such
35 implementation by ordinance. The planning commission and
36 governing body shall continuously review and maintain the regional
37 plan. The regional plan shall consist of a diagram, or diagrams, and
38 text, or texts setting forth the projects and proposals for
39 implementation of the regional plan, a description of the needs and
40 goals of the region and a statement of the policies, standards and
41 elements of the regional plan.

42 The regional plan shall be a single enforceable plan and includes
43 all of the following correlated elements:

44 (1) A land-use plan for the integrated arrangement and general
45 location and extent of, and the criteria and standards for, the uses of



1 land, water, air, space and other natural resources within the region,
2 including but not limited to an indication or allocation of maximum
3 population densities and permitted uses.

4 (2) A transportation plan for the integrated development of a
5 regional system of transportation, including but not limited to
6 parkways, highways, transportation facilities, transit routes,
7 waterways, navigation facilities, public transportation facilities,
8 bicycle facilities, and appurtenant terminals and facilities for the
9 movement of people and goods within the region. The goal of
10 transportation planning shall be:

11 (A) To reduce dependency on the automobile by making more
12 effective use of existing transportation modes and of public transit
13 to move people and goods within the region; and

14 (B) To reduce to the extent feasible air pollution which is caused
15 by motor vehicles.

16 ➤ Where increases in capacity are required, the agency shall give
17 preference to providing such capacity through public transportation
18 and public programs and projects related to transportation. The
19 agency shall review and consider all existing transportation plans in
20 preparing its regional transportation plan pursuant to this paragraph.

21 The plan shall provide for an appropriate transit system for the
22 region.

23 The plan shall give consideration to:

24 (A) Completion of the Loop Road in the states of Nevada and
25 California;

26 (B) Utilization of a light rail mass transit system in the South
27 Shore area; and

28 (C) Utilization of a transit terminal in the Kingsbury Grade area.

29 ➤ Until the regional plan is revised, or a new transportation plan is
30 adopted in accordance with this paragraph, the agency has no
31 effective transportation plan.

32 (3) A conservation plan for the preservation, development,
33 utilization, and management of the scenic and other natural
34 resources within the basin, including but not limited to, soils,
35 shoreline and submerged lands, scenic corridors along transportation
36 routes, open spaces, recreational and historical facilities.

37 (4) A recreation plan for the development, utilization, and
38 management of the recreational resources of the region, including
39 but not limited to, wilderness and forested lands, parks and
40 parkways, riding and hiking trails, beaches and playgrounds,
41 marinas, areas for skiing and other recreational facilities.

42 (5) A public services and facilities plan for the general location,
43 scale and provision of public services and facilities, which, by the
44 nature of their function, size, extent and other characteristics are
45 necessary or appropriate for inclusion in the regional plan.



1 In formulating and maintaining the regional plan, the planning
2 commission and governing body shall take account of and shall seek
3 to harmonize the needs of the region as a whole, the plans of the
4 counties and cities within the region, the plans and planning
5 activities of the state, federal and other public agencies and
6 nongovernmental agencies and organizations which affect or are
7 concerned with planning and development within the region.

8 (d) The regional plan shall provide for attaining and maintaining
9 federal, state, or local air and water quality standards, whichever are
10 strictest, in the respective portions of the region for which the
11 standards are applicable.

12 The agency may, however, adopt air or water quality standards
13 or control measures more stringent than the applicable state
14 implementation plan or the applicable federal, state, or local
15 standards for the region, if it finds that such additional standards or
16 control measures are necessary to achieve the purposes of this
17 compact. Each element of the regional plan, where applicable, shall,
18 by ordinance, identify the means and time schedule by which air and
19 water quality standards will be attained.

20 (e) Except for the Regional Transportation Plan of the California
21 Tahoe Regional Planning Agency, the regional plan, ordinances,
22 rules and regulations adopted by the California Tahoe Regional
23 Planning Agency in effect on July 1, 1980, shall be the regional
24 plan, ordinances, rules and regulations of the Tahoe Regional
25 Planning Agency for that portion of the Tahoe region located in the
26 State of California. Such plan, ordinance, rule or regulation may be
27 amended or repealed by the governing body of the agency. The
28 plans, ordinances, rules and regulations of the Tahoe Regional
29 Planning Agency that do not conflict with, or are not addressed by,
30 the California Tahoe Regional Planning Agency's plans, ordinances,
31 rules and regulations referred to in this subdivision shall continue to
32 be applicable unless amended or repealed by the governing body of
33 the agency. No provision of the regional plan, ordinances, rules and
34 regulations of the California Tahoe Regional Planning Agency
35 referred to in this subdivision shall apply to that portion of the
36 region within the State of Nevada, unless such provision is adopted
37 for the Nevada portion of the region by the governing body of the
38 agency.

39 (f) The regional plan, ordinances, rules and regulations of the
40 Tahoe Regional Planning Agency apply to that portion of the region
41 within the State of Nevada.

42 (g) The agency shall adopt ordinances prescribing specific
43 written findings that the agency must make prior to approving any
44 project in the region. These findings shall relate to environmental
45 protection and shall insure that the project under review will not



1 adversely affect implementation of the regional plan and will not
2 cause the adopted environmental threshold carrying capacities of the
3 region to be exceeded.

4 (h) The agency shall maintain the data, maps and other
5 information developed in the course of formulating and
6 administering the regional plan, in a form suitable to assure a
7 consistent view of developmental trends and other relevant
8 information for the availability of and use by other agencies of
9 government and by private organizations and individuals concerned.

10 (i) Where necessary for the realization of the regional plan, the
11 agency may engage in collaborative planning with local
12 governmental jurisdictions located outside the region, but
13 contiguous to its boundaries. In formulating and implementing the
14 regional plan, the agency shall seek the cooperation and consider the
15 recommendations of counties and cities and other agencies of local
16 government, of state and federal agencies, of educational institutions
17 and research organizations, whether public or private, and of civic
18 groups and private persons.

19
20 **ARTICLE VI. Agency's Powers**

21
22 (a) The governing body shall adopt all necessary ordinances,
23 rules, and regulations to effectuate the adopted regional plan. Except
24 as otherwise provided in this compact, every such ordinance, rule or
25 regulation shall establish a minimum standard applicable throughout
26 the region. Any political subdivision or public agency may adopt
27 and enforce an equal or higher requirement applicable to the same
28 subject of regulation in its territory. The regulations of the agency
29 shall contain standards including but not limited to the following:
30 water purity and clarity; subdivision; zoning; tree removal; solid
31 waste disposal; sewage disposal; land fills, excavations, cuts and
32 grading; piers, harbors, breakwaters or channels and other shoreline
33 developments; waste disposal in shoreline areas; waste disposal
34 from boats; mobile-home parks; house relocation; outdoor
35 advertising; floodplain protection; soil and sedimentation control;
36 air pollution; and watershed protection. Whenever possible without
37 diminishing the effectiveness of the regional plan, the ordinances,
38 rules, regulations and policies shall be confined to matters which are
39 general and regional in application, leaving to the jurisdiction of the
40 respective states, counties and cities the enactment of specific and
41 local ordinances, rules, regulations and policies which conform to
42 the regional plan.

43 The agency shall prescribe by ordinance those activities which it
44 has determined will not have substantial effect on the land, water,



1 air, space or any other natural resources in the region and therefore
2 will be exempt from its review and approval.

3 Every ordinance adopted by the agency shall be published at
4 least once by title in a newspaper or combination of newspapers
5 whose circulation is general throughout the region. Except an
6 ordinance adopting or amending the regional plan, no ordinance
7 shall become effective until 60 days after its adoption. Immediately
8 after its adoption, a copy of each ordinance shall be transmitted to
9 the governing body of each political subdivision having territory
10 within the region.

11 (b) No project other than those to be reviewed and approved
12 under the special provisions of subdivisions (d), (e), (f) and (g) may
13 be developed in the region without obtaining the review and
14 approval of the agency and no project may be approved unless it is
15 found to comply with the regional plan and with the ordinances,
16 rules and regulations enacted pursuant to subdivision (a) to
17 effectuate that plan.

18 The agency may approve a project in the region only after
19 making the written findings required by this subdivision or
20 subdivision (g) of Article V. Such findings shall be based on
21 substantial evidence in the record.

22 Before adoption by the agency of the ordinances required in
23 subdivision (g) of Article V, the agency may approve a project in
24 the region only after making written findings on the basis of
25 substantial evidence in the record that the project is consistent with
26 the regional plan then in effect and with applicable plans,
27 ordinances, regulations, and standards of federal and state agencies
28 relating to the protection, maintenance and enhancement of
29 environmental quality in the region.

30 (c) The legislatures of the states of California and Nevada find
31 that in order to make effective the regional plan as revised by the
32 agency, it is necessary to halt temporarily works of development in
33 the region which might otherwise absorb the entire capability of the
34 region for further development or direct it out of harmony with the
35 ultimate plan. Subject to the limitation provided in this subdivision,
36 from the effective date of the amendments to this compact until the
37 regional plan is amended pursuant to subdivision (c) of Article V, or
38 until May 1, 1983, whichever is earlier:

39 (1) Except as otherwise provided in this paragraph, no new
40 subdivision, planned unit development, or condominium project
41 may be approved unless a complete tentative map or plan has been
42 approved before the effective date of the amendments to this
43 compact by all agencies having jurisdiction. The subdivision of land
44 owned by a general improvement district, which existed and owned
45 the land before the effective date of the amendments to this



* A B 4 0 6 *

1 compact, may be approved if subdivision of the land is necessary to
2 avoid insolvency of the district.

3 (2) Except as provided in paragraph (3), no apartment building
4 may be erected unless the required permits for such building have
5 been secured from all agencies having jurisdiction, prior to the
6 effective date of the amendments to this compact.

7 (3) During each of the calendar years 1980, 1981 and 1982, no
8 city or county may issue building permits which authorize the
9 construction of a greater number of new residential units within the
10 region than were authorized within the region by building permits
11 issued by that city or county during the calendar year 1978. For the
12 period of January through April, 1983, building permits authorizing
13 the construction of no more than one-third of that number may be
14 issued by each such city or county. For purposes of this paragraph a
15 "residential unit" means either a single family residence or an
16 individual residential unit within a larger building, such as an
17 apartment building, a duplex or a condominium.

18 The legislatures find the respective numbers of residential units
19 authorized within the region during the calendar year 1978 to be as
20 follows:

21	1. City of South Lake Tahoe and El Dorado County	
22	(combined).....	252
23	2. Placer County	278
24	3. Carson City	-0-
25	4. Douglas County	339
26	5. Washoe County.....	739

27 (4) During each of the calendar years 1980, 1981 and 1982, no
28 city or county may issue building permits which authorize
29 construction of a greater square footage of new commercial
30 buildings within the region than were authorized within the region
31 by building permits for commercial purposes issued by that city or
32 county during the calendar year 1978. For the period of January
33 through April, 1983, building permits authorizing the construction
34 of no more than one-third the amount of that square footage may be
35 issued by each such city or county.

36 The legislatures find the respective square footages of
37 commercial buildings authorized within the region during calendar
38 year 1978 to be as follows:

39	1. City of South Lake Tahoe and El Dorado County	
40	(combined).....	64,324
41	2. Placer County	23,000
42	3. Carson City	-0-
43	4. Douglas County	57,354
44	5. Washoe County.....	50,600



1 (5) No structure may be erected to house gaming under a
2 nonrestricted license.

3 (6) No facility for the treatment of sewage may be constructed
4 or enlarged except:

5 (A) To comply, as ordered by the appropriate state agency for
6 the control of water pollution, with existing limitations of effluent
7 under the Clean Water Act, 33 U.S.C. §§ 1251 et seq., and the
8 applicable state law for control of water pollution;

9 (B) To accommodate development which is not prohibited or
10 limited by this subdivision; or

11 (C) In the case of Douglas County Sewer District # 1, to modify
12 or otherwise alter sewage treatment facilities existing on the
13 effective date of the amendments to this compact so that such
14 facilities will be able to treat the total volume of effluent for which
15 they were originally designed, which is 3.0 million gallons per day.
16 Such modification or alteration is not a "project"; is not subject to
17 the requirements of Article VII; and does not require a permit from
18 the agency. Before commencing such modification or alteration,
19 however, the district shall submit to the agency its report identifying
20 any significant soil erosion problems which may be caused by such
21 modifications or alterations and the measures which the district
22 proposes to take to mitigate or avoid such problems.

23 The moratorium imposed by this subdivision does not apply to
24 work done pursuant to a right vested before the effective date of the
25 amendments to this compact. Notwithstanding the expiration date of
26 the moratorium imposed by this subdivision, no new highway may
27 be built or existing highway widened to accommodate additional
28 continuous lanes for automobiles until the regional transportation
29 plan is revised and adopted.

30 The moratorium imposed by this subdivision does not apply to
31 the construction of any parking garage which has been approved by
32 the agency prior to May 4, 1979, whether that approval was
33 affirmative or by default. The provisions of this paragraph are not an
34 expression of legislative intent that any such parking garage, the
35 approval of which is the subject of litigation which was pending on
36 the effective date of the amendments to this compact, should or
37 should not be constructed. The provisions of this paragraph are
38 intended solely to permit construction of such a parking garage if a
39 judgment sustaining the agency's approval to construct that parking
40 garage has become final and no appeal is pending or may lawfully
41 be taken to a higher court.

42 (d) Subject to the final order of any court of competent
43 jurisdiction entered in litigation contesting the validity of an
44 approval by the Tahoe Regional Planning Agency, whether that
45 approval was affirmative or by default, if that litigation was pending



1 on May 4, 1979, the agency and the states of California and Nevada
2 shall recognize as a permitted and conforming use:

3 (1) Every structure housing gaming under a nonrestricted license
4 which existed as a licensed gaming establishment on May 4, 1979,
5 or whose construction was approved by the Tahoe Regional
6 Planning Agency affirmatively or deemed approved before that date.
7 The construction or use of any structure to house gaming under a
8 nonrestricted license not so existing or approved, or the enlargement
9 in cubic volume of any such existing or approved structure is
10 prohibited.

11 (2) Every other nonrestricted gaming establishment whose use
12 was seasonal and whose license was issued before May 4, 1979, for
13 the same season and for the number and type of games and slot
14 machines on which taxes or fees were paid in the calendar year
15 1978.

16 (3) Gaming conducted pursuant to a restricted gaming license
17 issued before May 4, 1979, to the extent permitted by that license on
18 that date.

19 ➤ The area within any structure housing gaming under a
20 nonrestricted license which may be open to public use (as distinct
21 from that devoted to the private use of guests and exclusive of any
22 parking area) is limited to the area existing or approved for public
23 use on May 4, 1979. Within these limits, any external modification
24 of the structure which requires a permit from a local government
25 also requires approval from the agency. The agency shall not permit
26 restaurants, convention facilities, showrooms or other public areas
27 to be constructed elsewhere in the region outside the structure in
28 order to replace areas existing or approved for public use on May 4,
29 1979.

30 (e) Any structure housing licensed gaming may be rebuilt or
31 replaced to a size not to exceed the cubic volume, height and land
32 coverage existing or approved on May 4, 1979, without the review
33 or approval of the agency or any planning or regulatory authority of
34 the State of Nevada whose review or approval would be required for
35 a new structure.

36 (f) The following provisions apply to any internal or external
37 modification, remodeling, change in use, or repair of a structure
38 housing gaming under a nonrestricted license which is not
39 prohibited by Article VI (d):

40 (1) The agency's review of an external modification of the
41 structure which requires a permit from a local government is limited
42 to determining whether the external modification will do any of the
43 following:

44 (A) Enlarge the cubic volume of the structure;



1 (B) Increase the total square footage of area open to or approved
2 for public use on May 4, 1979;

3 (C) Convert an area devoted to the private use of guests to an
4 area open to public use;

5 (D) Increase the public area open to public use which is used for
6 gaming beyond the limits contained in paragraph (3); and

7 (E) Conflict with or be subject to the provisions of any of the
8 agency's ordinances that are generally applicable throughout the
9 region.

10 ➤ The agency shall make this determination within 60 days after the
11 proposal is delivered to the agency in compliance with the agency's
12 rules or regulations governing such delivery unless the applicant has
13 agreed to an extension of this time limit. If an external modification
14 is determined to have any of the effects enumerated in
15 subparagraphs (A) through (C), it is prohibited. If an external
16 modification is determined to have any of the effects enumerated in
17 subparagraph (D) or (E), it is subject to the applicable provisions of
18 this compact. If an external modification is determined to have no
19 such effect, it is not subject to the provisions of this compact.

20 (2) Except as provided in paragraph (3), internal modification,
21 remodeling, change in use or repair of a structure housing gaming
22 under a nonrestricted license is not a project and does not require the
23 review or approval of the agency.

24 (3) Internal modification, remodeling, change in use or repair of
25 areas open to public use within a structure housing gaming under a
26 nonrestricted license which alone or in combination with any other
27 such modification, remodeling, change in use or repair will increase
28 the total portion of those areas which is actually used for gaming by
29 more than the product of the total base area, as defined below, in
30 square feet existing on or approved before August 4, 1980,
31 multiplied by 15 percent constitutes a project and is subject to all of
32 the provisions of this compact relating to projects. For purposes of
33 this paragraph and the determination required by Article VI (g), base
34 area means all of the area within a structure housing gaming under a
35 nonrestricted license which may be open to public use, whether or
36 not gaming is actually conducted or carried on in that area, except
37 retail stores, convention centers and meeting rooms, administrative
38 offices, kitchens, maintenance and storage areas, rest rooms,
39 engineering and mechanical rooms, accounting rooms and counting
40 rooms.

41 (g) In order to administer and enforce the provisions of
42 paragraphs (d), (e) and (f) the State of Nevada, through its
43 appropriate planning or regulatory agency, shall require the owner
44 or licensee of a structure housing gaming under a nonrestricted
45 license to provide:



1 (1) Documents containing sufficient information for the Nevada
2 agency to establish the following relative to the structure:

3 (A) The location of its external walls;

4 (B) Its total cubic volume;

5 (C) Within its external walls, the area in square feet open or
6 approved for public use and the area in square feet devoted to or
7 approved for the private use of guests on May 4, 1979;

8 (D) The amount of surface area of land under the structure; and

9 (E) The base area as defined in paragraph (f)(3) in square feet
10 existing on or approved before August 4, 1980.

11 (2) An informational report whenever any internal modification,
12 remodeling, change in use, or repair will increase the total portion of
13 the areas open to public use which is used for gaming.

14 The Nevada agency shall transmit this information to the Tahoe
15 Regional Planning Agency.

16 (h) Gaming conducted pursuant to a restricted gaming license is
17 exempt from review by the agency if it is incidental to the primary
18 use of the premises.

19 (i) The provisions of subdivisions (d) and (e) are intended only
20 to limit gaming and related activities as conducted within a gaming
21 establishment, or construction designed to permit the enlargement of
22 such activities, and not to limit any other use of property zoned for
23 commercial use or the accommodation of tourists, as approved by
24 the agency.

25 (j) Legal actions arising out of or alleging a violation of the
26 provisions of this compact, of the regional plan or of an ordinance or
27 regulation of the agency or of a permit or a condition of a permit
28 issued by the agency are governed by the following provisions:

29 (1) This subdivision applies to:

30 (A) Actions arising out of activities directly undertaken by the
31 agency.

32 (B) Actions arising out of the issuance to a person of a lease,
33 permit, license or other entitlement for use by the agency.

34 (C) Actions arising out of any other act or failure to act by any
35 person or public agency.

36 Such legal actions may be filed and the provisions of this
37 subdivision apply equally in the appropriate courts of California and
38 Nevada and of the United States.

39 (2) Venue lies:

40 (A) If a civil or criminal action challenges an activity by the
41 agency or any person which is undertaken or to be undertaken upon
42 a parcel of real property, in the state or federal judicial district where
43 the real property is situated.

44 (B) If an action challenges an activity which does not involve a
45 specific parcel of land (such as an action challenging an ordinance



1 of the agency), in any state or federal court having jurisdiction
2 within the region.

3 (3) Any aggrieved person may file an action in an appropriate
4 court of the State of California or Nevada or of the United States
5 alleging noncompliance with the provisions of this compact or with
6 an ordinance or regulation of the agency. In the case of
7 governmental agencies, "aggrieved person" means the Tahoe
8 Regional Planning Agency or any state, federal or local agency. In
9 the case of any person other than a governmental agency who
10 challenges an action of the Tahoe Regional Planning Agency,
11 "aggrieved person" means any person who has appeared, either in
12 person, through an authorized representative, or in writing, before
13 the agency at an appropriate administrative hearing to register
14 objection to the action which is being challenged, or who had good
15 cause for not making such an appearance.

16 (4) A legal action arising out of the adoption or amendment of
17 the regional plan or of any ordinance or regulation of the agency, or
18 out of the granting or denial of any permit, shall be commenced
19 within 60 days after final action by the agency. All other legal
20 actions shall be commenced within 65 days after discovery of the
21 cause of action.

22 (5) In any legal action filed pursuant to this subdivision which
23 challenges an adjudicatory act or decision of the agency to approve
24 or disapprove a project, the scope of judicial inquiry shall extend
25 only to whether there was prejudicial abuse of discretion. Prejudicial
26 abuse of discretion is established if the agency has not proceeded in
27 a manner required by law or if the act or decision of the agency was
28 not supported by substantial evidence in light of the whole record.
29 In making such a determination the court shall not exercise its
30 independent judgment on evidence but shall only determine whether
31 the act or decision was supported by substantial evidence in light of
32 the whole record. In any legal action filed pursuant to this
33 subdivision which challenges a legislative act or decision of the
34 agency (such as the adoption of the regional plan and the enactment
35 of implementing ordinances), the scope of the judicial inquiry shall
36 extend only to the questions of whether the act or decision has been
37 arbitrary, capricious or lacking substantial evidentiary support or
38 whether the agency has failed to proceed in a manner required by
39 law.

40 (6) The provisions of this subdivision do not apply to any legal
41 proceeding pending on the date when this subdivision becomes
42 effective. Any such legal proceeding shall be conducted and
43 concluded under the provisions of law which were applicable prior
44 to the effective date of this subdivision.



1 (7) The security required for the issuance of a temporary
2 restraining order or preliminary injunction based upon an alleged
3 violation of this compact or any ordinance, plan, rule or regulation
4 adopted pursuant thereto is governed by the rule or statute
5 applicable to the court in which the action is brought, unless the
6 action is brought by a public agency or political subdivision to
7 enforce its own rules, regulations and ordinances in which case no
8 security shall be required.

9 (k) The agency shall monitor activities in the region and may
10 bring enforcement actions in the region to ensure compliance with
11 the regional plan and adopted ordinances, rules, regulations and
12 policies. If it is found that the regional plan, or ordinances, rules,
13 regulations and policies are not being enforced by a local
14 jurisdiction, the agency may bring action in a court of competent
15 jurisdiction to ensure compliance.

16 (l) Any person who violates any provision of this compact or of
17 any ordinance or regulation of the agency or of any condition of
18 approval imposed by the agency is subject to a civil penalty not to
19 exceed \$5,000. Any such person is subject to an additional civil
20 penalty not to exceed \$5,000 per day, for each day on which such a
21 violation persists. In imposing the penalties authorized by this
22 subdivision, the court shall consider the nature of the violation and
23 shall impose a greater penalty if it was willful or resulted from gross
24 negligence than if it resulted from inadvertence or simple
25 negligence.

26 (m) The agency is hereby empowered to initiate, negotiate and
27 participate in contracts and agreements among the local
28 governmental authorities of the region, or any other
29 intergovernmental contracts or agreements authorized by state or
30 federal law.

31 (n) Each intergovernmental contract or agreement shall provide
32 for its own funding and staffing, but this shall not preclude financial
33 contributions from the local authorities concerned or from
34 supplementary sources.

35 (o) Every record of the agency, whether public or not, shall be
36 open for examination to the Legislature and Controller of the State
37 of California and the ~~Legislative auditor~~ *State Auditor* of the State
38 of Nevada.

39 (p) Approval by the agency of any project expires 3 years after
40 the date of final action by the agency or the effective date of the
41 amendments to this compact, whichever is later, unless construction
42 is begun within that time and diligently pursued thereafter, or the
43 use or activity has commenced. In computing the 3-year period any
44 period of time during which the project is the subject of a legal
45 action which delays or renders impossible the diligent pursuit of that



1 project shall not be counted. Any license, permit or certificate issued
2 by the agency which has an expiration date shall be extended by that
3 period of time during which the project is the subject of such legal
4 action as provided in this subdivision.

5 (q) The governing body shall maintain a current list of real
6 property known to be available for exchange with the United States
7 or with other owners of real property in order to facilitate exchanges
8 of real property by owners of real property in the region.
9

10 **ARTICLE VII. Environmental Impact Statements**
11

12 (a) The Tahoe Regional Planning Agency when acting upon
13 matters that have a significant effect on the environment shall:

14 (1) Utilize a systematic, interdisciplinary approach which will
15 insure the integrated use of the natural and social sciences and the
16 environmental design arts in planning and in decision making which
17 may have an impact on man's environment;

18 (2) Prepare and consider a detailed environmental impact
19 statement before deciding to approve or carry out any project. The
20 detailed environmental impact statement shall include the following:

21 (A) The significant environmental impacts of the proposed
22 project;

23 (B) Any significant adverse environmental effects which cannot
24 be avoided should the project be implemented;

25 (C) Alternatives to the proposed project;

26 (D) Mitigation measures which must be implemented to assure
27 meeting standards of the region;

28 (E) The relationship between local short-term uses of man's
29 environment and the maintenance and enhancement of long-term
30 productivity;

31 (F) Any significant irreversible and irretrievable commitments
32 of resources which would be involved in the proposed project
33 should it be implemented; and

34 (G) The growth-inducing impact of the proposed project;

35 (3) Study, develop and describe appropriate alternatives to
36 recommended courses of action for any project which involves
37 unresolved conflicts concerning alternative uses of available
38 resources;

39 (4) Make available to states, counties, municipalities,
40 institutions and individuals, advice and information useful in
41 restoring, maintaining and enhancing the quality of the region's
42 environment; and

43 (5) Initiate and utilize ecological information in the planning
44 and development of resource-oriented projects.



1 (b) Prior to completing an environmental impact statement, the
2 agency shall consult with and obtain the comments of any federal,
3 state or local agency which has jurisdiction by law or special
4 expertise with respect to any environmental impact involved. Copies
5 of such statement and the comments and views of the appropriate
6 federal, state and local agencies which are authorized to develop and
7 enforce environmental standards shall be made available to the
8 public and shall accompany the project through the review
9 processes. The public shall be consulted during the environmental
10 impact statement process and views shall be solicited during a
11 public comment period not to be less than 60 days.

12 (c) Any environmental impact statement required pursuant to
13 this article need not repeat in its entirety any information or data
14 which is relevant to such a statement and is a matter of public record
15 or is generally available to the public, such as information contained
16 in an environmental impact report prepared pursuant to the
17 California Environmental Quality Act or a federal environmental
18 impact statement prepared pursuant to the National Environmental
19 Policy Act of 1969. However, such information or data shall be
20 briefly described in the environmental impact statement and its
21 relationship to the environmental impact statement shall be
22 indicated.

23 In addition, any person may submit information relative to a
24 proposed project which may be included, in whole or in part, in any
25 environmental impact statement required by this article.

26 (d) In addition to the written findings specified by agency
27 ordinance to implement the regional plan, the agency shall make
28 either of the following written findings before approving a project
29 for which an environmental impact statement was prepared:

30 (1) Changes or alterations have been required in or incorporated
31 into such project which avoid or reduce the significant adverse
32 environmental effects to a less than significant level; or

33 (2) Specific considerations, such as economic, social or
34 technical, make infeasible the mitigation measures or project
35 alternatives discussed in the environmental impact statement on the
36 project.

37 ↪ A separate written finding shall be made for each significant
38 effect identified in the environmental impact statement on the
39 project. All written findings must be supported by substantial
40 evidence in the record.

41 (e) The agency may charge and collect a reasonable fee from
42 any person proposing a project subject to the provisions of this
43 compact in order to recover the estimated costs incurred by the
44 agency in preparing an environmental impact statement under this
45 article.



1 (f) The agency shall adopt by ordinance a list of classes of
2 projects which the agency has determined will not have a significant
3 effect on the environment and therefore will be exempt from the
4 requirement for the preparation of an environmental impact
5 statement under this article. Prior to adopting the list, the agency
6 shall make a written finding supported by substantial evidence in the
7 record that each class of projects will not have a significant effect on
8 the environment.
9

10 **ARTICLE VIII. Finances**
11

12 (a) On or before September 30 of each calendar year the agency
13 shall establish the amount of money necessary to support its
14 activities for the next succeeding fiscal year commencing July 1 of
15 the following year. The agency shall apportion \$75,000 of this
16 amount among the counties within the region on the same ratio to
17 the total sum required as the full cash valuation of taxable property
18 within the region in each county bears to the total full cash valuation
19 of taxable property within the region. In addition, each county
20 within the region in California shall pay \$18,750 to the agency and
21 each county within the region in Nevada, including Carson City,
22 shall pay \$12,500 to the agency, from any funds available therefor.
23 The State of California and the State of Nevada may pay to the
24 agency by July 1 of each year any additional sums necessary to
25 support the operations of the agency pursuant to this compact. If
26 additional funds are required, the agency shall make a request for
27 the funds to the states of California and Nevada. Requests for state
28 funds must be apportioned two-thirds from California and one-third
29 from Nevada. Money appropriated shall be paid within 30 days.

30 (b) The agency may fix and collect reasonable fees for any
31 services rendered by it.

32 (c) The agency shall submit an itemized budget to the states for
33 review with any request for state funds, shall be strictly accountable
34 to any county in the region and the states for all funds paid by them
35 to the agency and shall be strictly accountable to all participating
36 bodies for all receipts and disbursement.

37 (d) The agency is authorized to receive gifts, donations,
38 subventions, grants, and other financial aids and funds; but the
39 agency may not own land except as provided in subdivision (i) of
40 Article III.

41 (e) The agency shall not obligate itself beyond the moneys due
42 under this article for its support from the several counties and the
43 states for the current fiscal year, plus any moneys on hand or
44 irrevocably pledged to its support from other sources. No obligation



1 contracted by the agency shall bind either of the party states or any
2 political subdivision thereof.

3
4 **ARTICLE IX. Transportation District**
5

6 (a) The Tahoe transportation district is hereby established as a
7 special purpose district. The boundaries of the district are
8 coterminous with those of the region.

9 (b) The business of the district shall be managed by a board of
10 directors consisting of:

11 (1) One member of the county board of supervisors of each of
12 the counties of El Dorado and Placer;

13 (2) One member of the city council of the City of South Lake
14 Tahoe;

15 (3) One member each of the board of county commissioners of
16 Douglas County and of Washoe County;

17 (4) One member of the board of supervisors of Carson City;

18 (5) The director of the California Department of Transportation;
19 and

20 (6) The director of the department of transportation of the State
21 of Nevada.

22 ➔ Any director may designate an alternate.

23 (c) The vote of at least five of the directors must agree to take
24 action. If at least five votes in favor of an action are not cast, an
25 action of rejection shall be deemed to have been taken.

26 (d) The Tahoe transportation district may in accordance with the
27 adopted transportation plan:

28 (1) Own and operate a public transportation system to the
29 exclusion of all other publicly owned transportation systems in the
30 region.

31 (2) Acquire upon mutually agreeable terms any public
32 transportation system or facility owned by a county, city or special
33 purpose district within the region.

34 (3) Hire the employees of existing public transportation systems
35 that are acquired by the district without loss of benefits to the
36 employees, bargain collectively with employee organizations, and
37 extend pension and other collateral benefits to employees.

38 (4) Fix the rates and charges for transit services provided
39 pursuant to this subdivision.

40 (5) Issue revenue bonds and other evidence of indebtedness.

41 (6) By resolution, determine and propose for adoption a tax for
42 the purpose of obtaining services of the district. The tax proposed
43 must be general and of uniform operation throughout the region, and
44 may not be graduated in any way. The district is prohibited from
45 imposing an ad valorem tax, a tax measured by gross or net receipts



1 on business, a tax or charge that is assessed against people or
2 vehicles as they enter or leave the region, and any tax, direct or
3 indirect, on gaming tables and devices. Any such proposition must
4 be submitted to the voters of the district and shall become effective
5 upon approval of two-thirds of the voters voting on the proposition.
6 The revenues from any such tax must be used for the service for
7 which it was imposed, and for no other purpose.

8 (7) Provide service from inside the region to convenient airport,
9 railroad and interstate bus terminals without regard to the
10 boundaries of the region.

11 (e) The legislatures of the states of California and Nevada may,
12 by substantively identical enactments, amend this article.

13
14 **ARTICLE X. Miscellaneous**
15

16 (a) It is intended that the provisions of this compact shall be
17 reasonably and liberally construed to effectuate the purposes
18 thereof. Except as provided in subdivision (c), the provisions of this
19 compact shall be severable and if any phrase, clause, sentence or
20 provision of this compact is declared to be contrary to the
21 constitution of any participating state or of the United States or the
22 applicability thereof to any government, agency, person or
23 circumstance is held invalid, the validity of the remainder of this
24 compact and the applicability thereof to any government, agency,
25 person or circumstance shall not be affected thereby. If this compact
26 shall be held contrary to the constitution of any state participating
27 therein, the compact shall remain in full force and effect as to the
28 remaining state and in full force and effect as to the state affected as
29 to all severable matters.

30 (b) The agency shall have such additional powers and duties as
31 may hereafter be delegated or imposed upon it from time to time by
32 the action of the Legislature of either state concurred in by the
33 Legislature of the other.

34 (c) A state party to this compact may withdraw therefrom by
35 enacting a statute repealing the compact. Notice of withdrawal shall
36 be communicated officially and in writing to the Governor of the
37 other state and to the agency administrators. This provision is not
38 severable, and if it is held to be unconstitutional or invalid, no other
39 provision of this compact shall be binding upon the State of Nevada
40 or the State of California.

41 (d) No provision of this compact shall have any effect upon the
42 allocation, distribution or storage of interstate waters or upon any
43 appropriative water right.



1 **Sec. 57.** NRS 353.060 is hereby amended to read as follows:
2 353.060 1. At least once every fiscal year and as often as he
3 or she may deem proper, the ~~Legislative~~ State Auditor shall count
4 the money in the State Treasury. The ~~Legislative~~ State Auditor
5 shall not give the State Treasurer any previous notice of the hour or
6 day of the counting.

7 2. The State Treasurer shall permit the money in the State
8 Treasury to be counted whenever the ~~Legislative~~ State Auditor
9 may wish to make the counting, without delaying the counting on
10 any pretense whatever.

11 **Sec. 58.** NRS 353.065 is hereby amended to read as follows:
12 353.065 The ~~Legislative~~ State Auditor shall count all moneys
13 and securities in the State Treasury belonging to the State, or to any
14 department thereof, and all other moneys and securities of which the
15 State Treasurer is custodian.

16 **Sec. 59.** NRS 353.070 is hereby amended to read as follows:
17 353.070 It is unlawful for the ~~Legislative~~ State Auditor to
18 count as money in the State Treasury anything but actual checks
19 pending deposit and currency in the custody of the State Treasurer,
20 or deposits in depository banks, credit unions or in insured savings
21 and loan associations.

22 **Sec. 60.** NRS 353.075 is hereby amended to read as follows:
23 353.075 1. When the count of state money, funds and
24 securities is completed, the ~~Legislative~~ State Auditor shall make a
25 report and file it in the Office of the Secretary of State. When filed
26 with the Secretary of State, the report is a public record.

27 2. The report must show separately:

28 (a) The actual amount of money in the State Treasury in the
29 custody of the State Treasurer.

30 (b) The amounts on deposit, listing each depository bank, credit
31 union or savings and loan association and the amounts on deposit.

32 (c) Lists of all state-owned securities in the State Treasury
33 which are in the custody of the State Treasurer or in depository
34 banks, credit unions or insured savings and loan associations.

35 (d) A statement of securities deposited with the State Treasurer
36 for safekeeping showing the total value of the securities, the
37 department or commission for whom the State Treasurer holds the
38 securities, and the purpose for which the securities were obtained.

39 **Sec. 61.** NRS 353.080 is hereby amended to read as follows:
40 353.080 If the ~~Legislative~~ State Auditor willfully shall fail to
41 perform the duties imposed under the provisions of NRS 353.065,
42 353.070 and 353.075, or willfully shall neglect or refuse to perform
43 any duty enjoined thereunder, the ~~Legislative~~ State Auditor shall
44 be deemed guilty of a misdemeanor and shall be further punished as
45 provided in NRS 197.230.



1 **Sec. 62.** NRS 353.325 is hereby amended to read as follows:

2 353.325 1. Each state agency, within 10 days after receiving
3 an audit report pertaining to that agency, including a management
4 letter and the agency's reply, shall submit one copy of the audit
5 report to:

6 (a) The Chief of the Budget Division of the Department of
7 Administration;

8 (b) The State Controller; and

9 (c) The ~~Legislative~~ *State Auditor*.

10 2. The audit report, including, without limitation, the opinion
11 and findings of the auditor contained in the audit report, may be
12 disseminated by or on behalf of the state agency for which the report
13 was prepared by inclusion, without limitation, in or on:

14 (a) An official statement or other document prepared in
15 connection with the offering of bonds or other securities;

16 (b) A filing made pursuant to the laws or regulations of this
17 State;

18 (c) A filing made pursuant to a rule or regulation of the
19 Securities and Exchange Commission of the United States; or

20 (d) A website maintained by a state agency on the Internet or its
21 successor,

22 ↳ without the consent of the auditor who prepared the audit report.
23 A provision of a contract entered into between an auditor and a state
24 agency that is contrary to the provisions of this subsection is against
25 the public policy of this State and is void and unenforceable.

26 **Sec. 63.** NRS 353A.020 is hereby amended to read as follows:

27 353A.020 1. The ~~{Director, in consultation with the~~
28 ~~Committee and Legislative Auditor,}~~ *State Auditor* shall adopt a
29 uniform system of internal accounting and administrative control for
30 agencies. The elements of the system must include, without
31 limitation:

32 (a) A plan of organization which provides for a segregation of
33 duties appropriate to safeguard the assets of the agency;

34 (b) A plan which limits access to assets of the agency to persons
35 who need the assets to perform their assigned duties;

36 (c) Procedures for authorizations and recordkeeping which
37 effectively control accounting of assets, liabilities, revenues and
38 expenses;

39 (d) A system of practices to be followed in the performance of
40 the duties and functions of each agency; and

41 (e) An effective system of internal review.

42 2. The ~~{Director, in consultation with the Committee and~~
43 ~~Legislative Auditor,}~~ *State Auditor* may modify the system
44 whenever the ~~{Director,}~~ *State Auditor* considers it necessary.



1 3. Each agency shall develop written procedures to carry out
2 the system of internal accounting and administrative control adopted
3 pursuant to this section.

4 4. For the purposes of this section, "agency" does not include:

5 (a) A board created by the provisions of NRS 590.485 and
6 chapters 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648,
7 654 and 656 of NRS.

8 (b) The Nevada System of Higher Education.

9 (c) The Public Employees' Retirement System.

10 (d) The Housing Division of the Department of Business and
11 Industry.

12 (e) The Colorado River Commission of Nevada.

13 **Sec. 64.** NRS 353A.025 is hereby amended to read as follows:

14 353A.025 1. The head of each agency shall periodically
15 review the agency's system of internal accounting and
16 administrative control to determine whether it is in compliance with
17 the uniform system of internal accounting and administrative control
18 for agencies adopted pursuant to subsection 1 of NRS 353A.020.

19 2. On or before July 1 of each even-numbered year, the head of
20 each agency shall report to the ~~Director~~ *State Auditor* whether the
21 agency's system of internal accounting and administrative control is
22 in compliance with the uniform system adopted pursuant to
23 subsection 1 of NRS 353A.020. The reports must be made available
24 for inspection by the members of the Legislature.

25 3. For the purposes of this section, "agency" does not include:

26 (a) A board created by the provisions of NRS 590.485 and
27 chapters 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648,
28 654 and 656 of NRS.

29 (b) The Nevada System of Higher Education.

30 (c) The Public Employees' Retirement System.

31 (d) The Housing Division of the Department of Business and
32 Industry.

33 (e) The Colorado River Commission of Nevada.

34 4. The ~~Director~~ *State Auditor* shall, on or before the first
35 Monday in February of each odd-numbered year, submit a report on
36 the status of internal accounting and administrative controls in
37 agencies to the:

38 (a) Director of the Legislative Counsel Bureau for transmittal to
39 the:

40 (1) Senate Standing Committee on Finance; and

41 (2) Assembly Standing Committee on Ways and Means; *and*

42 (b) Governor. ~~}; and~~

43 ~~—(c) Legislative Auditor.}~~

44 5. The report submitted by the ~~Director~~ *State Auditor*
45 pursuant to subsection 4 must include, without limitation:



1 (a) The identification of each agency that has not complied with
2 the requirements of subsections 1 and 2;

3 (b) The identification of each agency that does not have an
4 effective method for reviewing its system of internal accounting and
5 administrative control; and

6 (c) The identification of each agency that has weaknesses in its
7 system of internal accounting and administrative control, and the
8 extent and types of such weaknesses.

9 **Sec. 65.** NRS 353A.036 is hereby amended to read as follows:
10 353A.036 "Division" means the Division of Internal Audits of
11 the ~~{Department}~~ *Office* of ~~{Administration}~~ *the State Auditor.*

12 **Sec. 66.** NRS 353A.041 is hereby amended to read as follows:
13 353A.041 1. *The State Auditor shall appoint an*
14 *Administrator of the Division.*

15 2. The Administrator must:

16 (a) Be a certified public accountant licensed by this state or a
17 public accountant qualified pursuant to chapter 628 of NRS to
18 practice public accounting in this state; and

19 (b) Have at least 5 years of progressively responsible experience
20 in professional auditing and performing internal audits or postaudits.
21 The experience must include, without limitation, the performance of
22 audits of governmental entities or of private business organizations,
23 whether or not organized for profit.

24 ~~{2}~~ 3. The Administrator may ~~{employ}~~ :

25 (a) *Appoint a Deputy and a Chief Assistant in the unclassified*
26 *service of the State, who shall not engage in any other gainful*
27 *employment or occupation except as otherwise provided in NRS*
28 *284.143; and*

29 (b) *Employ*, within the limits of legislative appropriations, such
30 staff as is necessary to ~~{the performance of}~~ *carry out* his or her
31 duties.

32 **Sec. 67.** NRS 353A.045 is hereby amended to read as follows:

33 353A.045 The Administrator shall:

34 1. Report to the ~~{Director}~~ *State Auditor.*

35 2. Develop long-term and annual work plans to be based on the
36 results of periodic documented risk assessments. The annual work
37 plan must list the agencies to which the Division will provide
38 training and assistance and be submitted to the ~~{Director}~~ *State*
39 *Auditor* for approval. Such agencies must not include:

40 (a) A board created by the provisions of NRS 590.485 and
41 chapters 623 to 625A, inclusive, 628, 630 to 644, inclusive, 648,
42 654 and 656 of NRS.

43 (b) The Nevada System of Higher Education.

44 (c) The Public Employees' Retirement System.



1 (d) The Housing Division of the Department of Business and
2 Industry.

3 (e) The Colorado River Commission of Nevada.

4 3. ~~Provide a copy of the approved annual work plan to the~~
5 ~~Legislative Auditor.~~

6 ~~4.~~ In consultation with the ~~Director.~~ *State Auditor*, prepare a
7 plan for auditing executive branch agencies for each fiscal year and
8 present the plan to the Committee for its review and approval. Each
9 plan for auditing must:

10 (a) State the agencies which will be audited, the proposed scope
11 and assignment of those audits and the related resources which will
12 be used for those audits; and

13 (b) Ensure that the internal accounting, administrative controls
14 and financial management of each agency are reviewed periodically.

15 ~~5.~~ 4. Perform the audits of the programs and activities of the
16 agencies in accordance with the plan approved pursuant to
17 subsection 5 of NRS 353A.038 and prepare audit reports of his or
18 her findings.

19 ~~6.~~ 5. Review each agency that is audited pursuant to
20 subsection ~~5~~ 4 and advise those agencies concerning internal
21 accounting, administrative controls and financial management.

22 ~~7.~~ 6. Submit to each agency that is audited pursuant to
23 subsection ~~5~~ 4 analyses, appraisals and recommendations
24 concerning:

25 (a) The adequacy of the internal accounting and administrative
26 controls of the agency; and

27 (b) The efficiency and effectiveness of the management of the
28 agency.

29 ~~8.~~ 7. Report any possible abuses, illegal actions, errors,
30 omissions and conflicts of interest of which the Division becomes
31 aware during the performance of an audit.

32 ~~9.~~ 8. Adopt the standards of The Institute of Internal
33 Auditors for conducting and reporting on internal audits.

34 ~~10.—Consult with the Legislative Auditor concerning the plan~~
35 ~~for auditing and the scope of audits to avoid duplication of effort~~
36 ~~and undue disruption of the functions of agencies that are audited~~
37 ~~pursuant to subsection 5.~~

38 ~~11.~~ 9. Appoint a Manager of Internal Controls.

39 **Sec. 68.** NRS 353A.065 is hereby amended to read as follows:

40 353A.065 1. Within 90 days after the end of each fiscal year,
41 the Administrator shall submit an annual report to the Committee
42 for its approval which:

43 (a) Lists the agencies to which the Division provided training
44 and assistance;



1 (b) Separately lists any other activities undertaken by the
2 Division that are related to the provision of training and assistance
3 and the status of those activities;

4 (c) Contains a list of the final reports that have been submitted
5 pursuant to NRS 353A.085;

6 (d) Contains a separate list of any other activities undertaken by
7 the Division that are related to the final reports submitted pursuant
8 to NRS 353A.085 and the status of those activities; and

9 (e) Describes the accomplishments of the Division.

10 2. The Administrator shall provide a copy of the annual report
11 to the:

12 (a) Committee;

13 (b) ~~Director;~~ *State Auditor; and*

14 (c) Interim Finance Committee . ~~;~~ *and*

15 ~~—(d) Legislative Auditor.~~

16 **Sec. 69.** NRS 353A.100 is hereby amended to read as follows:

17 353A.100 1. The Administrator shall keep or cause to be kept
18 a complete file of copies of all reports of audits, examinations,
19 investigations and all other reports or releases issued by the
20 Administrator.

21 2. All working papers from an audit are confidential and may
22 be destroyed by the Administrator 5 years after the report is issued,
23 except that the Administrator:

24 (a) Shall release such working papers when subpoenaed by a
25 court of competent jurisdiction or when required to do so pursuant
26 to NRS 239.0115; *and*

27 (b) ~~Shall make such working papers available to the Legislative
28 Auditor upon his or her request; and~~

29 ~~—(e)~~ May make such working papers available for inspection by
30 an authorized representative of any other governmental entity for a
31 matter officially before him or her.

32 **Sec. 70.** NRS 385.3789 is hereby amended to read as follows:

33 385.3789 1. The Commission shall prepare an annual report
34 that describes the distribution of money to the public schools and
35 consortiums of public schools and the programs for which money
36 was allocated from the Account, including, without limitation, the
37 total amount of money allocated:

38 (a) To each consortium of public schools, with a designation of
39 which public schools are included in each consortium;

40 (b) To each public school;

41 (c) To schools included on the list of priorities of schools
42 provided by the Department pursuant to NRS 385.3785;

43 (d) For programs that provide services directly to pupils for
44 remediation and innovation, including, without limitation,
45 instruction, instructional materials and support materials;



1 (e) For programs that provide instructional support and have an
2 indirect effect on pupils, including, without limitation, the provision
3 of professional development for educational personnel and the
4 employment of administrators; and

5 (f) For each program, including, without limitation:

6 (1) A description of the program, including, without
7 limitation, whether the program is available commercially;

8 (2) Whether the Commission considers the program to be
9 innovative;

10 (3) Whether the program includes the provision of
11 professional development other than professional development that
12 is related to carrying out a program that provides services directly to
13 pupils;

14 (4) The costs to implement the program; and

15 (5) The full-time personnel necessary to implement the
16 program, if any.

17 ↪ The report must be submitted on or before October 15 of each
18 year to the entities identified in subsection 3.

19 2. The Commission shall:

20 (a) Prepare an annual report that describes:

21 (1) The activities of the Commission;

22 (2) An analysis of the progress of the public schools in
23 carrying out the plans to improve the achievement of pupils; and

24 (3) An analysis of the progress of the public schools and
25 consortiums of public schools that received an allocation of money
26 from the Account in improving the achievement of pupils.

27 (b) Submit the report on or before January 31 of each year to the
28 entities identified in subsection 3.

29 3. The Commission shall submit the reports required by this
30 section to the:

31 (a) State Board;

32 (b) Governor;

33 (c) Committee;

34 (d) Bureau;

35 (e) Interim Finance Committee; and

36 (f) Board of trustees of each school district.

37 4. The ~~Legislative~~ *State* Auditor shall audit biennially the
38 programs for which public schools and consortiums of public
39 schools receive an allocation of money. The audit:

40 (a) Must include:

41 (1) A review of the amount of time it takes for a public
42 school or consortium of public schools to receive an allocation of
43 money after the Commission makes the award;

44 (2) A determination of whether a public school or consortium
45 of public schools that received an allocation of money used the



1 money to implement the program for which the money was
2 allocated; and

3 (3) Any recommendations for the most efficient and
4 economical use of the money allocated by the Commission to public
5 schools and consortiums of public schools.

6 (b) May include a representative sample of programs, based
7 upon geographic location and type of program.

8 5. The ~~Legislative~~ State Auditor shall report the results of
9 each biennial audit conducted pursuant to subsection 4 to the entities
10 prescribed in subsection 3.

11 **Sec. 71.** NRS 387.613 is hereby amended to read as follows:

12 387.613 1. Except as otherwise provided in NRS 387.607,
13 each school district must undergo a review pursuant to NRS
14 387.602 to 387.644, inclusive, every 6 years unless the school
15 district is granted an exemption from a review pursuant to NRS
16 387.631 or 387.639. The reviews must be conducted in even-
17 numbered years to ensure compliance with the deadlines set forth in
18 NRS 387.602 to 387.644, inclusive.

19 2. To ensure compliance with subsection 1, the ~~Legislative~~
20 State Auditor shall, on or before February 1 of each odd-numbered
21 year, submit a written list to the Director of the Legislative Counsel
22 Bureau for transmission to the Legislature identifying each school
23 district that the ~~Legislative~~ State Auditor recommends for review
24 in the next even-numbered year. The Legislature may, by concurrent
25 resolution, accept the recommendations of the ~~Legislative~~ State
26 Auditor or revise the recommendations of the ~~Legislative~~ State
27 Auditor and select each school district to be reviewed in the next
28 even-numbered year.

29 3. If a concurrent resolution is adopted pursuant to subsection
30 2, the ~~Legislative~~ State Auditor shall, on or before September 1
31 after adoption of the resolution, issue a request for proposals ~~in~~
32 ~~accordance with any applicable procedures of the Legislative~~
33 ~~Counsel Bureau.~~ for a qualified, independent consultant to conduct
34 a review of each school district selected for a review. A consultant:

35 (a) Must be located outside this State and have previous
36 experience with auditing school districts or otherwise reviewing
37 school districts based upon the management principles;

38 (b) Must possess expertise and knowledge about the
39 management principles;

40 (c) Must be capable of performing the requirements of NRS
41 387.602 to 387.644, inclusive, with integrity, objectivity and
42 independence; and

43 (d) Must not be regularly engaged with or doing business with a
44 school district in this State.



1 4. The ~~Legislative~~ *State* Auditor shall ensure that the request
2 for proposals includes, without limitation:

3 (a) The scope of the review, which must include an evaluation
4 and determination of whether the school district is successfully
5 carrying out the management principles;

6 (b) A requirement that the consultant adhere to a standardized
7 format for each review that it conducts, including, without
8 limitation, a standard and consistent format for presentation of the
9 data, information and results of each review; and

10 (c) A requirement that the consultant include on the team that
11 will conduct the review at least one person who has experience with
12 auditing school districts or otherwise reviewing school districts in
13 accordance with the management principles.

14 5. The ~~Legislative~~ *State* Auditor shall review the proposals of
15 applicants and prepare a list of those applicants that, in the
16 determination of the ~~Legislative~~ *State* Auditor, are the most
17 qualified and capable of performing the requirements of NRS
18 387.602 to 387.644, inclusive, with a ranking provided for each
19 applicant. On or before November 15, the ~~Legislative~~ *State*
20 Auditor shall submit the list and rankings of qualified applicants to
21 the State Board. On or before January 1 of the even-numbered year
22 in which the review will be conducted, the State Board shall select a
23 consultant from the list submitted by the ~~Legislative~~ *State* Auditor.
24 Upon selection by the State Board, the ~~Legislative Counsel Bureau~~
25 *State Auditor* shall prepare a written agreement between the
26 ~~Bureau~~ *Office of the State Auditor* and the consultant . ~~In~~
27 ~~accordance with any applicable procedures of the Bureau.~~ The
28 consultant shall commence the review of each school district
29 selected for a review not later than February 1.

30 6. The State Board is responsible for monitoring the
31 performance of the consultant and authorizing payments to the
32 consultant. Upon authorization of the State Board, the ~~Legislative~~
33 ~~Counsel Bureau~~ *Office of the State Auditor* shall make the
34 payments to the consultant. The oversight committee established
35 pursuant to NRS 387.618 shall assist the State Board in monitoring
36 the performance of the consultant.

37 7. If a school district is selected for a review, the board of
38 trustees of the school district shall conduct a self-assessment at least
39 60 days before the commencement of the review by the consultant.
40 The self-assessment must include a review of the areas prescribed in
41 subsection 2 of NRS 387.622 based upon the management
42 principles. The results of the self-assessment must be submitted to
43 the Department for transmission to the consultant not later than the
44 date on which the review is commenced. The consultant shall use
45 the self-assessment in the review of the school district.



1 **Sec. 72.** NRS 387.626 is hereby amended to read as follows:

2 387.626 1. A consultant selected to perform a review of a
3 school district shall:

4 (a) Consider the results and recommendations of other audits, if
5 any, conducted by or on behalf of the school district in the
6 immediately preceding 6 years;

7 (b) Hold at least one public meeting in the county in which the
8 school district is located to explain the process of the review and to
9 obtain information from school administrators, teachers, parents and
10 guardians, pupils, members of the business community and other
11 residents of the school district concerning the operation and
12 management of the school district; and

13 (c) Supervise and oversee his or her employees and other
14 persons enlisted by the consultant to assist with the review.

15 2. The Department shall provide technical support and
16 expertise to the consultant during the review to ensure that the
17 objectives of the review and the requirements of NRS 387.602 to
18 387.644, inclusive, are met.

19 3. Upon the request of the consultant, the Department, the
20 board of trustees of the school district, the superintendent of schools
21 of the school district and the employees of the school district shall
22 make available to the consultant all books, accounts, claims, reports,
23 vouchers, records and other information, confidential or otherwise,
24 necessary for the consultant to carry out the review.

25 4. The consultant shall:

26 (a) Maintain the confidentiality of all information, records and
27 data obtained for the purpose of carrying out the provisions of NRS
28 387.602 to 387.644, inclusive;

29 (b) Use such information, records and data only for the purpose
30 of carrying out the provisions of NRS 387.602 to 387.644, inclusive,
31 and for no other purposes;

32 (c) Require his or her employees and other persons enlisted by
33 the consultant to assist with the review to comply with the
34 confidentiality requirements of this subsection; and

35 (d) Keep or cause to be kept a complete file of copies of all
36 reports of reviews conducted pursuant to NRS 387.602 to 387.644,
37 inclusive.

38 5. All working papers from a review conducted pursuant to
39 NRS 387.602 to 387.644, inclusive, are confidential and may be
40 destroyed by the consultant 8 years after the final written report of
41 the review is issued, except that the consultant:

42 (a) Shall release such working papers when subpoenaed by a
43 court or when required to do so pursuant to NRS 239.0115;



1 (b) Shall make such working papers available to the
2 ~~Legislative~~ State Auditor upon the request of the State Auditor;
3 and

4 (c) May make such working papers available for inspection by
5 an authorized representative of any other governmental entity for a
6 matter officially before him or her.

7 **Sec. 73.** NRS 387.631 is hereby amended to read as follows:

8 387.631 1. The consultant shall complete the review of a
9 school district within 6 months after the date on which the review is
10 commenced. The consultant shall prepare a final written report of
11 the review that:

12 (a) Is documented by sufficient, competent and relevant
13 evidence to provide a reasonable basis for the findings and
14 conclusions of the consultant.

15 (b) If the consultant determines that the school district is not
16 successfully carrying out the management principles in one or more
17 of the areas set forth in subsection 2 of NRS 387.622, includes a
18 plan for corrective action for the school district to carry out
19 successfully the management principles in each area within 2 years.
20 The plan must:

21 (1) Be logically connected to and substantiated by the results
22 of the review;

23 (2) Be specific and detailed; and

24 (3) Identify methods for the school district to reduce its costs
25 and expenses.

26 (c) Includes the written response of the school district prepared
27 pursuant to subsection 2.

28 2. The consultant shall furnish a copy of the preliminary report
29 of the review to the superintendent of schools of the school district
30 or the superintendent's designee and discuss the report with the
31 superintendent or the superintendent's designee. Within 30 days
32 after receipt of the preliminary report, the superintendent or the
33 superintendent's designee shall prepare a written response to the
34 preliminary report that includes a statement of explanation or
35 rebuttal of any findings contained in the preliminary report. The
36 consultant shall include the written response of the school district in
37 his or her final written report submitted pursuant to subsection 1.

38 3. The final written report of the consultant must be submitted
39 to the board of trustees of the school district, the State Board, the
40 ~~Legislative~~ State Auditor and the Director of the Legislative
41 Counsel Bureau for transmission to the Legislature within 60 days
42 after the review is complete.

43 4. If the consultant determines that a school district is
44 successfully carrying out the management principles for each of the
45 areas set forth in subsection 2 of NRS 387.622, the school district is



1 exempt from its next 6-year review unless the Legislature
2 subsequently determines that the conditions or circumstances
3 occurring within the school district warrant another review pursuant
4 to NRS 387.602 to 387.644, inclusive. If a school district is exempt
5 pursuant to this subsection, the exemption is valid for only one
6 review and the school district must undergo a review at least once
7 every 12 years.

8 5. The preliminary report is confidential until the final report is
9 submitted. After the final written report is submitted, the
10 preliminary report and the final report must be made available to the
11 general public.

12 **Sec. 74.** NRS 387.636 is hereby amended to read as follows:

13 387.636 1. Upon receipt of a final written report pursuant to
14 NRS 387.631, the board of trustees of the school district shall hold a
15 public meeting to review the findings and recommendations of the
16 consultant. The consultant or the consultant's designee must be
17 present at the meeting and available for discussion and questions.

18 2. Except as otherwise provided in subsection 3, not later than
19 90 days after the issuance of the final written report, the board of
20 trustees of the school district shall vote on whether to adopt the plan
21 for corrective action if such a plan is recommended by the
22 consultant. The superintendent of schools of the school district shall
23 provide written notice of the outcome of the vote to the State Board,
24 the ~~Legislative~~ State Auditor and the Director of the Legislative
25 Counsel Bureau for transmission to the Legislature. The board of
26 trustees of a school district may vote to reverse a decision not to
27 adopt a plan for corrective action if sufficient time remains, as
28 determined by the board of trustees, to carry out the management
29 principles within 2 years after the issuance of the final report.

30 3. If the board of trustees of a school district does not vote on
31 whether to adopt a plan for corrective action within 90 days after the
32 issuance of the final written report, the:

33 (a) Superintendent of schools of the school district shall provide
34 written notice to the State Board, the ~~Legislative~~ State Auditor and
35 the Director of the Legislative Counsel Bureau for transmission to
36 the Legislature;

37 (b) Department may assess the situation and contact the
38 members of the board of trustees to urge the board to take a vote;
39 and

40 (c) State Board may allow an additional 30 days for the board of
41 trustees to vote on the plan.

42 4. If the board of trustees of the school district does not vote on
43 a plan for corrective action or if the board of trustees votes not to
44 adopt a plan for corrective action, the members of the board of
45 trustees may be required to appear and present testimony before the



1 Legislature or a standing committee of the Legislature to examine
2 any justification of the failure of the board of trustees to vote on the
3 plan or to adopt the plan, as applicable.

4 **Sec. 75.** NRS 387.639 is hereby amended to read as follows:

5 387.639 1. If the board of trustees of a school district adopts
6 a plan for corrective action, the board of trustees of the school
7 district shall prepare, on or before February 1:

8 (a) A written progress report for submission, in the even-
9 numbered year after the plan is adopted, to the State Board, the
10 Legislative Committee on Education and the ~~Legislative~~ *State*
11 Auditor.

12 (b) A final written report for submission, in the odd-numbered
13 year after the plan is adopted, to the State Board, the ~~Legislative~~
14 *State* Auditor and the Director of the Legislative Counsel Bureau for
15 transmission to the Legislature.

16 2. The written progress report and the final written report must
17 indicate the extent to which the plan has been carried out, the extent
18 to which the plan has not been carried out and the reasons for any
19 failure to carry out the plan.

20 3. Upon receipt of the final written report of the school district,
21 the ~~Legislative~~ *State* Auditor shall:

22 (a) Review the report and the plan for corrective action;

23 (b) Determine whether the school district successfully carried
24 out the plan for corrective action and complies with the management
25 principles for each of the areas set forth in subsection 2 of NRS
26 387.622; and

27 (c) Submit a written report of the determination of the Auditor
28 to the Legislature, including a recommendation whether the school
29 district should be granted an exemption from its next 6-year review.

30 4. The Legislature or a standing committee of the Legislature
31 may:

32 (a) Review the reports submitted pursuant to this section and the
33 written determination of the ~~Legislative~~ *State* Auditor; and

34 (b) Conduct hearings to examine any justification for the failure
35 of a school district to carry out successfully the management
36 principles or to fully carry out the plan for corrective action.

37 5. The Legislature may, by concurrent resolution, determine
38 that the school district complies with the management principles and
39 grant an exemption to the school district from its next 6-year review.
40 If a school district is exempt pursuant to this subsection, the
41 exemption is valid for only one review and the school district must
42 undergo a review at least once every 12 years.

43 **Sec. 76.** NRS 387.644 is hereby amended to read as follows:

44 387.644 1. If a school district is granted an exemption
45 pursuant to NRS 387.631 or 387.639, the board of trustees of the



1 school district shall provide written notice for each year that the
2 exemption applies which includes:

3 (a) A determination of whether the school district continues to
4 carry out the management principles; and

5 (b) Any changes in the policies or operations of the school
6 district or any other circumstances occurring in the school district
7 that do not conform to the management principles.

8 2. The written notice must be submitted on or before January 1
9 to:

10 (a) In even-numbered years, the State Board, the Legislative
11 Committee on Education and the ~~Legislative~~ State Auditor.

12 (b) In odd-numbered years, the State Board, the ~~Legislative~~
13 State Auditor and the Director of the Legislative Counsel Bureau for
14 transmission to the Legislature.

15 **Sec. 77.** NRS 463.1593 is hereby amended to read as follows:

16 463.1593 The ~~Legislative~~ State Auditor shall in performing
17 his or her regular audits of the Commission and the Board, and in
18 addition whenever so directed by a concurrent resolution of the
19 Legislature, ascertain whether the control and related practices
20 prescribed by NRS 463.157 to 463.1592, inclusive, are being
21 efficiently, effectively and equitably administered.

22 **Sec. 78.** NRS 482.38277 is hereby amended to read as
23 follows:

24 482.38277 1. On or before September 1 of each fiscal year,
25 each charitable organization, not including a governmental entity
26 whose budget is included in the executive budget, that receives
27 additional fees shall:

28 (a) Prepare a balance sheet for the immediately preceding fiscal
29 year on a form provided by the Commission on Special License
30 Plates and file the balance sheet, accompanied by a recent bank
31 statement, with the Commission. The Commission shall prepare and
32 make available, or cause to be prepared and made available, a form
33 that must be used by a charitable organization to prepare such a
34 balance sheet.

35 (b) Provide to the Commission and the Department:

36 (1) A list of the names of the persons, whether or not
37 designated officers, who are responsible for overseeing the
38 operation of the charitable organization;

39 (2) The current mailing address of the charitable
40 organization; and

41 (3) The current telephone number of the charitable
42 organization.

43 2. The ~~Legislative~~ State Auditor shall prescribe:

44 (a) The form and content of the balance sheets required to be
45 filed pursuant to subsection 1; and



1 (b) Any additional information that must accompany the balance
2 sheets and bank statements required to be filed pursuant to
3 subsection 1, including, without limitation, the methods and
4 procedures used to ensure that all money received in the form of
5 additional fees is expended solely for the benefit of the intended
6 recipient.

7 3. The Commission shall provide to the ~~Legislative~~ *State*
8 Auditor:

9 (a) A copy of each balance sheet and bank statement that it
10 receives from a charitable organization pursuant to paragraph (a) of
11 subsection 1; and

12 (b) A copy of the information that it receives from a charitable
13 organization pursuant to paragraph (b) of subsection 1.

14 **Sec. 79.** NRS 482.38278 is hereby amended to read as
15 follows:

16 482.38278 1. On or before September 30 following the end
17 of each fiscal year, the ~~Legislative~~ *State* Auditor shall present to
18 the Commission on Special License Plates a final written report with
19 respect to the charitable organizations for which the Commission
20 provided to the ~~Legislative~~ *State* Auditor a balance sheet pursuant
21 to subsection 3 of NRS 482.38277.

22 2. The final written report must be distributed to each member
23 of the Commission before the report is presented to the
24 Commission.

25 3. Along with any statement of explanation or rebuttal from the
26 audited charitable organization, the final written report may include,
27 without limitation:

28 (a) Evidence regarding the inadequacy or inaccuracy of any
29 forms or records filed by the charitable organization with the
30 Commission or the Department;

31 (b) Evidence regarding any improper practices of financial
32 administration on the part of the charitable organization;

33 (c) Evidence regarding the methods and procedures, or lack
34 thereof, used to ensure that all money received in the form of
35 additional fees is expended solely for the benefit of the intended
36 recipient; and

37 (d) Any other evidence or information that the ~~Legislative~~
38 *State* Auditor determines to be relevant to the propriety of the
39 financial administration and recordkeeping of the charitable
40 organization, including, without limitation, the disposition of any
41 additional fees received by the charitable organization.

42 **Sec. 80.** NRS 482.38279 is hereby amended to read as
43 follows:

44 482.38279 1. If the Commission on Special License Plates
45 determines that a charitable organization has failed to comply with



1 one or more of the provisions of NRS 482.38277 or if, in a report
2 provided to the Commission by the ~~Legislative~~ State Auditor
3 pursuant to NRS 482.38278, the ~~Legislative~~ State Auditor
4 determines that a charitable organization has committed improper
5 practices of financial administration, has filed with the Commission
6 or the Department forms or records that are inadequate or
7 inaccurate, or has failed to use adequate methods and procedures to
8 ensure that all money received in the form of additional fees is
9 expended solely for the benefit of the intended recipient, the
10 Commission shall notify the charitable organization of that
11 determination.

12 2. A charitable organization may request in writing a hearing,
13 within 20 days after receiving notification pursuant to subsection 1,
14 to respond to the determinations of the Commission or ~~Legislative~~
15 State Auditor. The hearing must be held not later than 30 days after
16 the receipt of the request for a hearing unless the parties, by written
17 stipulation, agree to extend the time.

18 3. The Commission shall issue a decision, immediately after
19 the hearing, on whether to uphold the original determination of the
20 Commission or the ~~Legislative~~ State Auditor or to overturn that
21 determination. The decision of the Commission pursuant to this
22 subsection is a final decision for purposes of judicial review.

23 4. If the Commission upholds its own determination that a
24 charitable organization has failed to comply with one or more of the
25 provisions of NRS 482.38277 or upholds the determination of the
26 ~~Legislative~~ State Auditor that the organization has committed
27 improper practices of financial administration, has filed with the
28 Commission or the Department forms or records that are inadequate
29 or inaccurate, or has failed to use adequate methods and procedures
30 to ensure that all money received in the form of additional fees is
31 expended solely for the benefit of the intended recipient, the
32 Commission may require that the Department:

33 (a) Suspend the collection of all additional fees collected on
34 behalf of the charitable organization; and

35 (b) Suspend production of the particular design of special
36 license plates from which the charitable organization receives
37 additional fees, if the Department is still producing that design.

38 **Sec. 81.** NRS 514A.100 is hereby amended to read as follows:

39 514A.100 1. The Commission may ~~submit a~~ request ~~to the~~
40 ~~Legislative Commission~~ that the ~~Legislative~~ State Auditor ~~be~~
41 ~~directed to~~ undertake, or ~~to~~ contract with a qualified accounting
42 firm to undertake, a special audit or investigation of the activities of
43 any state agency, board, bureau, commission or political subdivision
44 in connection with the taxation, operation, safety and environmental
45 regulation of mines and mining in this State.



1 2. The request submitted pursuant to subsection 1 must be
2 accompanied by an explanation of the circumstances that give rise to
3 the request.

4 **Sec. 82.** NRS 562.195 is hereby amended to read as follows:

5 562.195 1. The Board may enter into a cooperative
6 agreement with a board of county commissioners for the
7 administration of the State Sheep Inspection Account. Upon
8 execution of such an agreement, the State Controller shall transfer
9 all money in the State Sheep Inspection Account in the State
10 General Fund to the appropriate county treasurer for credit to the
11 State Sheep Inspection Account in the county treasury of the county
12 that executed the agreement. The agreement must require the county
13 treasurer to prepare an annual statement that includes an accounting
14 of revenues and expenditures and the balance in the State Sheep
15 Inspection Account. The statement must cover the most recent fiscal
16 year and must be submitted, within 90 days after the end of that
17 fiscal year, to the county treasurer, the Chair of the Board, the
18 Director of the Department of Administration and the ~~Legislative~~
19 *State* Auditor.

20 2. The agreement may include a provision for reimbursement
21 of the county by the Board of any reasonable costs of administering
22 the Account.

23 3. Upon termination of an agreement executed pursuant to
24 subsection 1, the county treasurer shall transfer all money in the
25 State Sheep Inspection Account in the county treasury to the State
26 Sheep Inspection Account in the county treasury of another county
27 that executed an agreement pursuant to subsection 1 or, if no such
28 agreement has been executed, to the State Controller for deposit in
29 the State Sheep Inspection Account in the State General Fund.

30 **Sec. 83.** NRS 567.125 is hereby amended to read as follows:

31 567.125 1. The Board may enter into a cooperative
32 agreement with a board of county commissioners for the
33 administration of the Woolgrowers' State Account for Control of
34 Predatory Animals. Upon execution of such an agreement, the State
35 Controller shall transfer all money in the Woolgrowers' State
36 Account for Control of Predatory Animals in the State General Fund
37 to the appropriate county treasurer for credit to the Woolgrowers'
38 State Account for Control of Predatory Animals in the county
39 treasury of the county that executed the agreement. The agreement
40 must require the county treasurer to prepare an annual statement that
41 includes an accounting of revenues and expenditures and the
42 balance in the Woolgrowers' State Account for Control of Predatory
43 Animals. The statement must cover the most recent fiscal year and
44 must be submitted, within 90 days after the end of that fiscal year, to



1 the county treasurer, the Chair of the Board, the Director of the
2 Department of Administration and the ~~Legislative~~ *State Auditor*.

3 2. The agreement may include a provision for reimbursement
4 of the county by the Board of any reasonable costs of administering
5 the Account.

6 3. Upon termination of an agreement executed pursuant to
7 subsection 1, the county treasurer shall transfer all money in the
8 Woolgrowers' State Account for Control of Predatory Animals in
9 the county treasury to the Woolgrowers' State Account for Control
10 of Predatory Animals in the county treasury of another county that
11 executed an agreement pursuant to subsection 1 or, if no such
12 agreement has been executed, to the State Controller for deposit in
13 the Woolgrowers' State Account for Control of Predatory Animals
14 in the State General Fund.

15 **Sec. 84.** NRS 622.200 is hereby amended to read as follows:

16 622.200 1. As soon as practicable after a person is first
17 appointed to serve as a member of a regulatory body, the person
18 must be provided with:

19 (a) A written summary of the duties and responsibilities of a
20 member of the regulatory body; and

21 (b) Training on those duties and responsibilities by the Attorney
22 General. The training must include, without limitation, instruction
23 related to the audit that is required by ~~NRS 218G.400,~~ *section 26*
24 *of this act*, except that a person who is a member of the Nevada
25 State Board of Accountancy is not required to be provided with
26 instruction related to that audit.

27 2. The Attorney General may, in accordance with the
28 provisions of NRS 228.113, charge a regulatory body for all training
29 provided pursuant to paragraph (b) of subsection 1.

30 **Sec. 85.** NRS 630.127 is hereby amended to read as follows:

31 630.127 1. In addition to any other audits required of the
32 Board by law, the ~~Legislative Commission~~ *State Auditor* shall
33 issue to the Federation of State Medical Boards of the United States,
34 Inc., a request for proposal to conduct regular performance audits of
35 the Board. After considering the response to the request for
36 proposal, if the ~~Legislative Commission~~ *State Auditor* finds that
37 the Federation of State Medical Boards of the United States, Inc.,
38 has the ability to conduct fair and impartial performance audits of
39 the Board, the ~~Legislative Commission~~ *State Auditor* shall engage
40 the services of the Federation of State Medical Boards of the United
41 States, Inc., to conduct regular performance audits of the Board. If
42 the ~~Legislative Commission~~ *State Auditor* finds that the
43 Federation of State Medical Boards of the United States, Inc., does
44 not have the ability to conduct fair and impartial performance audits
45 of the Board or is otherwise unable to conduct such performance



1 audits, the ~~{Legislative Commission}~~ *State Auditor* shall ~~{direct the~~
2 ~~Audit Division of the Legislative Counsel Bureau to}~~ conduct
3 regular performance audits of the Board.

4 2. The initial performance audit of the Board must be
5 commenced before October 1, 2003. After the initial performance
6 audit is completed, additional performance audits must be
7 conducted:

8 (a) Once every 8 years, for the preceding 8-year period; or

9 (b) Whenever ordered by the ~~{Legislative Commission}~~ *State*
10 *Auditor*, for the period since the last performance audit was
11 conducted pursuant to this section.

12 3. A written report of the results of the initial performance
13 audit must be submitted to the ~~{Secretary of the Legislative~~
14 ~~Commission}~~ *State Auditor* not later than 60 days after the date that
15 the initial performance audit is commenced. A written report of the
16 results of each subsequent performance audit must be submitted to
17 the ~~{Secretary of the Legislative Commission}~~ *State Auditor* as soon
18 as practicable after the date that the performance audit is
19 commenced.

20 4. Upon receipt of the written report of the results of each
21 performance audit, the ~~{Secretary of the Legislative Commission}~~
22 *State Auditor* shall:

23 (a) Distribute the report to the members of the Legislative
24 Commission and to any other Legislator who requests a copy of the
25 report; and

26 (b) Not later than 30 days after receipt of the report, make the
27 report available to the public.

28 5. The Board shall pay all costs related to each performance
29 audit conducted pursuant to this section.

30 6. Any person who conducts a performance audit pursuant to
31 this section:

32 (a) Is directly responsible to the ~~{Legislative Commission}~~ *State*
33 *Auditor*;

34 (b) Must be sufficiently qualified to conduct the performance
35 audit; and

36 (c) Must never have conducted an audit of the Board pursuant to
37 ~~{NRS 218G.400}~~ *section 26 of this act* or have been affiliated, in
38 any way, with a person who has conducted an audit of the Board
39 pursuant to ~~{NRS 218G.400}~~ *section 26 of this act*.

40 7. Each performance audit conducted pursuant to this section
41 must include, without limitation, a comprehensive review and
42 evaluation of:

43 (a) The methodology and efficiency of the Board in responding
44 to complaints filed by the public against a licensee;



1 (b) The methodology and efficiency of the Board in responding
2 to complaints filed by a licensee against another licensee;

3 (c) The methodology and efficiency of the Board in conducting
4 investigations of licensees who have had two or more malpractice
5 claims filed against them within a period of 12 months;

6 (d) The methodology and efficiency of the Board in conducting
7 investigations of licensees who have been subject to one or more
8 peer review actions at a medical facility that resulted in the licensee
9 losing professional privileges at the medical facility for more than
10 30 days within a period of 12 months;

11 (e) The methodology and efficiency of the Board in taking
12 preventative steps or progressive actions to remedy or deter any
13 unprofessional conduct by a licensee before such conduct results in
14 a violation under this chapter that warrants disciplinary action; and

15 (f) The managerial and administrative efficiency of the Board in
16 using the fees that it collects pursuant to this chapter.

17 **Sec. 86.** NRS 645A.050 is hereby amended to read as follows:

18 645A.050 1. Subject to the administrative control of the
19 Director of the Department of Business and Industry, the
20 Commissioner shall exercise general supervision and control over
21 escrow agents and agencies doing business in the State of Nevada.

22 2. In addition to the other duties imposed upon him or her by
23 law, the Commissioner shall:

24 (a) Adopt such regulations as may be necessary for making this
25 chapter effective.

26 (b) Conduct or cause to be conducted each year an examination
27 of each escrow agency licensed pursuant to this chapter.

28 (c) Conduct such investigations as may be necessary to
29 determine whether any person has violated any provision of this
30 chapter.

31 (d) Conduct such examinations, investigations and hearings, in
32 addition to those specifically provided for by law, as may be
33 necessary and proper for the efficient administration of the laws of
34 this State relating to escrow.

35 (e) Classify as confidential the financial statements of an escrow
36 agency and those records and information obtained by the Division
37 which:

38 (1) Are obtained from a governmental agency upon the
39 express condition that they remain confidential.

40 (2) Except as otherwise provided in NRS 645A.082, consist
41 of information compiled by the Division in the investigation of
42 possible violations of this chapter.

43 ↪ This paragraph does not limit examination by the ~~Legislative~~
44 *State* Auditor or any other person pursuant to a court order.



1 3. An escrow agency may engage a certified public accountant
2 to perform such an examination in lieu of the Division. In such a
3 case, the examination must be equivalent to the type of examination
4 made by the Division and the expense must be borne by the escrow
5 agency being examined.

6 4. The Commissioner shall determine whether an examination
7 performed by an accountant pursuant to subsection 3 is equivalent to
8 an examination conducted by the Division. The Commissioner may
9 examine any area of the operation of an escrow agency if the
10 Commissioner determines that the examination of that area is not
11 equivalent to an examination conducted by the Division.

12 **Sec. 87.** NRS 645B.060 is hereby amended to read as follows:

13 645B.060 1. Subject to the administrative control of the
14 Director of the Department of Business and Industry, the
15 Commissioner shall exercise general supervision and control over
16 mortgage brokers and mortgage agents doing business in this State.

17 2. In addition to the other duties imposed upon him or her by
18 law, the Commissioner shall:

19 (a) Adopt regulations:

20 (1) Setting forth the requirements for an investor to acquire
21 ownership of or a beneficial interest in a loan secured by a lien on
22 real property. The regulations must include, without limitation, the
23 minimum financial conditions that the investor must comply with
24 before becoming an investor.

25 (2) Establishing reasonable limitations and guidelines on
26 loans made by a mortgage broker to a director, officer, mortgage
27 agent or employee of the mortgage broker.

28 (b) Adopt any other regulations that are necessary to carry out
29 the provisions of this chapter, except as to loan brokerage fees.

30 (c) Conduct such investigations as may be necessary to
31 determine whether any person has violated any provision of this
32 chapter, a regulation adopted pursuant to this chapter or an order of
33 the Commissioner.

34 (d) Except as otherwise provided in subsection 4, conduct an
35 annual examination of each mortgage broker doing business in this
36 State. The annual examination must include, without limitation, a
37 formal exit review with the mortgage broker. The Commissioner
38 shall adopt regulations prescribing:

39 (1) Standards for determining the rating of each mortgage
40 broker based upon the results of the annual examination; and

41 (2) Procedures for resolving any objections made by the
42 mortgage broker to the results of the annual examination. The
43 results of the annual examination may not be opened to public
44 inspection pursuant to NRS 645B.090 until after a period of time set



1 by the Commissioner to determine any objections made by the
2 mortgage broker.

3 (e) Conduct such other examinations, periodic or special audits,
4 investigations and hearings as may be necessary for the efficient
5 administration of the laws of this State regarding mortgage brokers
6 and mortgage agents. The Commissioner shall adopt regulations
7 specifying the general guidelines that will be followed when a
8 periodic or special audit of a mortgage broker is conducted pursuant
9 to this chapter.

10 (f) Classify as confidential certain records and information
11 obtained by the Division when those matters are obtained from a
12 governmental agency upon the express condition that they remain
13 confidential. This paragraph does not limit examination by:

14 (1) The ~~Legislative~~ State Auditor; or

15 (2) The Department of Taxation if necessary to carry out the
16 provisions of chapter 363A of NRS.

17 (g) Conduct such examinations and investigations as are
18 necessary to ensure that mortgage brokers and mortgage agents meet
19 the requirements of this chapter for obtaining a license, both at the
20 time of the application for a license and thereafter on a continuing
21 basis.

22 3. For each special audit, investigation or examination, a
23 mortgage broker or mortgage agent shall pay a fee based on the rate
24 established pursuant to NRS 645F.280.

25 4. The Commissioner may conduct examinations of a mortgage
26 broker, as described in paragraph (d) of subsection 2, on a biennial
27 instead of an annual basis if the mortgage broker:

28 (a) Received a rating in the last annual examination that meets a
29 threshold determined by the Commissioner;

30 (b) Has not had any adverse change in financial condition since
31 the last annual examination, as shown by financial statements of the
32 mortgage broker;

33 (c) Has not had any complaints received by the Division that
34 resulted in any administrative action by the Division; and

35 (d) Does not maintain any trust accounts pursuant to NRS
36 645B.170 or 645B.175 or arrange loans funded by private investors.

37 **Sec. 88.** NRS 645E.300 is hereby amended to read as follows:

38 645E.300 1. Subject to the administrative control of the
39 Director of the Department of Business and Industry, the
40 Commissioner shall exercise general supervision and control over
41 mortgage bankers doing business in this State.

42 2. In addition to the other duties imposed upon him or her by
43 law, the Commissioner shall:



1 (a) Adopt regulations establishing reasonable limitations and
2 guidelines on loans made by a mortgage banker to a director, officer
3 or employee of the mortgage banker.

4 (b) Adopt any other regulations that are necessary to carry out
5 the provisions of this chapter, except as to loan fees.

6 (c) Conduct such investigations as may be necessary to
7 determine whether any person has violated any provision of this
8 chapter, a regulation adopted pursuant to this chapter or an order of
9 the Commissioner.

10 (d) Except as otherwise provided in subsection 4, conduct an
11 annual examination of each mortgage banker doing business in this
12 State.

13 (e) Conduct such other examinations, periodic or special audits,
14 investigations and hearings as may be necessary for the efficient
15 administration of the laws of this State regarding mortgage bankers.

16 (f) Classify as confidential certain records and information
17 obtained by the Division when those matters are obtained from a
18 governmental agency upon the express condition that they remain
19 confidential. This paragraph does not limit examination by:

20 (1) The ~~Legislative~~ State Auditor; or

21 (2) The Department of Taxation if necessary to carry out the
22 provisions of chapter 363A of NRS.

23 (g) Conduct such examinations and investigations as are
24 necessary to ensure that mortgage bankers meet the requirements of
25 this chapter for obtaining a license, both at the time of the
26 application for a license and thereafter on a continuing basis.

27 3. For each special audit, investigation or examination, a
28 mortgage banker shall pay a fee based on the rate established
29 pursuant to NRS 645F.280.

30 4. The Commissioner may conduct biennial examinations of a
31 mortgage banker instead of annual examinations, as described in
32 paragraph (d) of subsection 2, if the mortgage banker:

33 (a) Received a rating in the last annual examination that meets a
34 threshold determined by the Commissioner;

35 (b) Has not had any adverse change in financial condition since
36 the last annual examination, as shown by financial statements of the
37 mortgage banker; and

38 (c) Has not had any complaints received by the Division that
39 resulted in any administrative action by the Division.

40 **Sec. 89.** NRS 692A.117 is hereby amended to read as follows:

41 692A.117 1. The Commissioner shall classify as confidential
42 the financial statements of a title agent, escrow officer and title
43 insurer and those records and information obtained by the Division
44 which:



1 (a) Are obtained from a governmental agency upon the express
2 condition that they remain confidential.

3 (b) Consist of information compiled by the Division in the
4 investigation of possible violations of this chapter. This paragraph
5 does not limit examination by the ~~Legislative~~ State Auditor or any
6 other person pursuant to a court order.

7 2. Except as otherwise provided in NRS 239.0115, the contents
8 of the file for an escrow are confidential and, subject to the rights to
9 discover the contents by subpoena or other lawful process, must not
10 be disclosed without the express written consent of one party of the
11 escrow other than the holder of the escrow.

12 **Sec. 90.** NRS 218A.012, 218A.051, 218G.010, 218G.030,
13 218G.100, 218G.110, 218G.120, 218G.130, 218G.140, 218G.150,
14 218G.160, 218G.200, 218G.210, 218G.220, 218G.230, 218G.240,
15 218G.250, 218G.260, 218G.270, 218G.330, 218G.340, 218G.350,
16 218G.400, 218G.450, 218G.500, 218G.505, 218G.510, 218G.515,
17 218G.520, 218G.525, 218G.530, 218G.535, 218G.550, 218G.555,
18 218G.570, 218G.575, 218G.580 and 218G.585 are hereby repealed.

19 **Sec. 91.** This act becomes effective:

20 1. On January 1, 2014, for the purpose of nominating and
21 electing the State Auditor pursuant to section 5 of this act; and

22 2. On January 1, 2015, for all other purposes.

LEADLINES OF REPEALED SECTIONS

218A.012 “Audit Division” defined.

218A.051 “Legislative Auditor” defined.

218G.010 Legislative declaration.

218G.030 “Agency of the State” defined.

218G.100 Qualifications of Legislative Auditor.

218G.110 General powers and duties; standards for audits.

218G.120 Performance of regular and special audits and investigations.

218G.130 Retention of audit reports and other documents; confidentiality and destruction of working papers from audits; exceptions.

218G.140 Duty to report improper practices, inadequacy of fiscal records or illegal transactions found in course of audit.

218G.150 Duties following report of inadequacy of fiscal records.

218G.160 Biennial report to Legislature and Governor.



218G.200 Audits of state agencies required; duty of agency personnel to assist in audit.

218G.210 Duty of agency personnel to make all information available; duty extends to confidential information; exceptions.

218G.220 Duty of State Controller and agency personnel to submit financial statements.

218G.230 Discussion of preliminary report with audited agency; inclusion of agency's explanation or rebuttal in final report; presentation and distribution of final report when Legislature in regular session.

218G.240 Presentation and distribution of final report to Legislative Commission; adoption of additional procedures; restrictions on disclosure before presentation.

218G.250 Notice to agency of acceptance of final report; submission of plan for corrective action.

218G.260 Order to withhold appropriated money from agency for failure to submit or comply with plan for corrective action.

218G.270 Report on agency's implementation of recommendations made by Legislative Auditor; review of report.

218G.330 Arrangements with Legislative Auditor to conduct audit; payment of cost of audit; creation and purpose of Audit Contingency Account.

218G.340 Certain audits may be conducted by Legislative Auditor or private firms; procedure for evaluating qualifications of firms; combining of audits to obtain services from single source.

218G.350 Selection of private firms; execution of contract; oversight; performance of audit; submission, presentation and distribution of report.

218G.400 Certain regulatory boards required to prepare balance sheets or have professional audit conducted; payment of cost of audit; audits by Legislative Auditor; remedies and penalties for violations.

218G.450 Special audits required of non-state entities which receive public money; duty of entity to make all information available; duty extends to confidential information.

218G.500 Definitions.

218G.505 "Abuse or neglect of a child" defined.

218G.510 "Agency which provides child welfare services" defined.

218G.515 "Family foster home" defined.

218G.520 "Governmental facility for children" defined.

218G.525 "Group foster home" defined.



218G.530 “Near fatality” defined.

218G.535 “Private facility for children” defined.

218G.550 Duty of agency to notify Legislative Auditor of cases involving fatality or near fatality of child; review of agency’s handling of case; duty of agency to cooperate with review.

218G.555 Disclosure of certain information by Legislative Auditor regarding child’s case; conditions and limitations on disclosure.

218G.570 Performance audits of governmental facilities for children.

218G.575 Inspection, review and survey of governmental facilities for children and private facilities for children.

218G.580 Scope of inspection, review and survey.

218G.585 Duty of facilities to cooperate with inspection, review and survey.



