EMERGENCY REQUEST of Assembly Minority Leader

Assembly Bill No. 497–Assemblywoman Kirkpatrick

CHAPTER.....

AN ACT relating to taxes; revising provisions governing the financing of certain undertakings located in a tax increment area; authorizing, under certain circumstances, the allocation of certain sales and use taxes and employer excise taxes for the payment of debt incurred by a municipality that has designated a tax increment area for the purpose of financing an undertaking; authorizing, under certain circumstances, the financing of certain undertakings located in a tax increment area through the purchase by the State Treasurer of certain municipal securities and revenue securities; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the governing body of a municipality to designate a tax increment area for the purpose of creating a special account for the payment of bonds or other securities issued to defray the cost of an undertaking, including a drainage and flood control project, an overpass project, a sewerage project, a street project, an underpass project or a water project. The designation of a tax increment area by the governing body provides for the allocation of a portion of the taxes levied upon taxable property in the tax increment area each year to pay the bond requirements of loans, money advanced to, or indebtedness incurred by the municipality to finance or refinance the undertaking. (Chapter 278C of NRS) **Section 8** of this bill provides that, in addition to such property taxes, a portion of the sales and use taxes imposed within the tax increment area and the excise tax imposed on financial institutions and employers (the "modified business tax") located in the tax increment area may be allocated to pay the debt incurred by the municipality to finance or refinance the undertaking if the undertaking is a water project, the estimated cost of which exceeds $50,000,000, and such financing is approved by the Interim Finance Committee pursuant to **section 1** of this bill. **Sections 2, 4-7, 10 and 11** of this bill make conforming changes.

For the purposes of protecting and preserving the property and natural resources of the State, and assisting municipalities in the acquisition, construction and equipping of public improvements for which municipalities might otherwise be unable to obtain financing, existing law authorizes the State Treasurer to make loans to municipalities by purchasing municipal securities issued for a purpose related to natural resources or revenue securities issued for a purpose related to any undertaking which the municipality is authorized to complete. (Chapter 350A of NRS, commonly known as the "Municipal Bond Bank") **Section 9** of this bill specifically authorizes a municipality to obtain financing through the Municipal Bond Bank for an undertaking located within a tax increment area if the undertaking is a water project, the estimated cost of which exceeds $50,000,000, and such financing is approved by the Interim Finance Committee pursuant to **section 1**.

Section 1 provides that a municipality may adopt an ordinance ordering an undertaking and creating a tax increment area which includes provisions for the allocation of a portion of the sales and use taxes or the modified business tax

collected in the tax increment area as provided in **section 8** or financing of the undertaking through the Municipal Bond Bank as provided in **section 9** only for a water project, the estimated cost of which exceeds $50,000,000, and only after approval by the Interim Finance Committee of a request submitted by the governing body of the municipality.

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

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

Section 1. Chapter 278C of NRS is hereby amended by adding thereto a new section to read as follows:

1. A municipality may adopt an ordinance ordering an undertaking and creating the tax increment area and the tax increment account pertaining thereto pursuant to NRS 278C.220 which includes provisions for:

(a) The allocation of the proceeds of any tax on the sale or use of tangible personal property to the tax increment account of the proposed tax increment area pursuant to paragraph (b) of subsection 1 of NRS 278C.250;

(b) The allocation of the proceeds of any tax imposed pursuant to NRS 363A.130 and 363B.110 to the tax increment account of the proposed tax increment area pursuant to paragraph (c) of subsection 1 of NRS 278C.250; or

(c) The issuance of municipal securities and revenue securities described in paragraph (f) of subsection 1 of NRS 278C.280,

➥ only for an undertaking that is a water project, the estimated cost of which exceeds $50,000,000, and only after approval by the Interim Finance Committee of a written request submitted by the municipality.

2. The Interim Finance Committee may approve a request submitted pursuant to this section only if the Interim Finance Committee determines that approval of the request:

(a) Will not impede the ability of the Legislature to carry out its duty to provide for an annual tax sufficient to defray the estimated expenses of the State for each fiscal year as set forth in Article 9, Section 2 of the Nevada Constitution; and

(b) Will not threaten the protection and preservation of the property and natural resources of the State of Nevada.

3. A request submitted pursuant to this section must include any information required by the Interim Finance Committee.

Sec. 2. NRS 278C.130 is hereby amended to read as follows:

278C.130 "Tax increment area" means the area:

1. Whose boundaries are coterminous with those of a specially benefited zone established as provided in NRS 278C.150;

2. Specially benefited by an undertaking under this chapter;

3. Designated by ordinance as provided in NRS 278C.220; and

4. In which is located ~~[the]~~ ***:***

(a) The taxable property the assessed valuation of which is the basis for the allocation of tax proceeds to the tax increment account pursuant to ***paragraph (a) of subsection 1 of*** NRS 278C.250 ~~[.]~~ ***; and***

(b) If the undertaking is a water project for which the municipality has received approval from the Interim Finance Committee pursuant to section 1 of this act:

(1) The persons from which the tax on the sale or use of tangible personal property is the basis for the allocation of tax proceeds to the tax increment account pursuant to paragraph (b) of subsection 1 of NRS 278C.250; and

(2) The employers from which the tax imposed pursuant to NRS 363A.130 and 363B.110 is the basis for the allocation of tax proceeds to the tax increment account pursuant to paragraph (c) of subsection 1 of NRS 278C.250.

Sec. 3. NRS 278C.150 is hereby amended to read as follows:

278C.150 1. Except as otherwise provided in subsections 2, 3 and 4, the governing body of a municipality, on the behalf and in the name of the municipality, may designate a tax increment area comprising any specially benefited zone within the municipality designated for the purpose of creating a special account for the payment of bonds or ~~[other]~~ securities issued ***or loans, money advanced or indebtedness incurred*** to defray the cost of an undertaking, including, without limitation, the condemnation of property for an undertaking, as supplemented by the Local Government Securities Law, except as otherwise provided in this chapter.

2. The right-of-way property of a railroad company that is under the jurisdiction of the Surface Transportation Board must not be included in a tax increment area unless the inclusion of the property is mutually agreed upon by the governing body and the railroad company.

3. A tax increment area may not include a property that is, at the time the boundaries of the tax increment area are created, included within a redevelopment area previously established pursuant to the laws of this State.

4. The taxable property of a tax increment area must not be included in any subsequently created tax increment area until at

least 50 years after the effective date of creation of the first tax increment area in which the property was included.

Sec. 4. NRS 278C.155 is hereby amended to read as follows:

278C.155 1. A tax increment area may be created pursuant to this section by a cooperative agreement between a city in which the principal campus of the Nevada State College is located or intended to be located and the Nevada System of Higher Education, if the boundaries of the tax increment area include only land:

(a) On which the principal campus of the Nevada State College is located or intended to be located; and

(b) Which:

(1) Consists of not more than 509 acres;

(2) Was transferred by the city creating the tax increment area to the Nevada System of Higher Education for the use of the Nevada State College;

(3) Has never been subject to property taxation; and

(4) The Nevada System of Higher Education has agreed to continue to own for the term of the tax increment area.

➥ The provisions of NRS 278C.160, subsections 4, 6 and 7 of NRS 278C.170, NRS 278C.220, ~~[paragraphs (c) and (d) of subsection 1]~~ ***subsections 2 and 3*** of NRS 278C.250 and paragraph (d) of subsection ~~[4]~~ ***6*** of NRS 278C.250 do not apply to a tax increment area created pursuant to this section, but such a tax increment area is subject to the provisions of subsections 2 to 9, inclusive.

2. Whenever the governing body of a city in which the principal campus of the Nevada State College is located or intended to be located and the Board of Regents of the University of Nevada determine that the interests of the city, the Nevada System of Higher Education and the public require an undertaking, the governing body and the Board of Regents may enter into a cooperative agreement pursuant to NRS 277.080 to 277.180, inclusive, which describes by reference to the general types of undertakings authorized pursuant to NRS 278C.140 and the undertakings proposed for the tax increment area, and which contains or refers to an exhibit filed with the clerk of the city and the Secretary of the Board of Regents which contains:

(a) A statement of the last finalized amount of the assessed valuation of the real property within the boundaries of the tax increment area, which boundaries must be in compliance with subsection 1, and a statement that, based upon the records of the county treasurer, no property taxes were collected on any of that property, or on any interest therein, during the most recent year for which those records are available; and

(b) A description of the tax increment area or its location, so that the various tracts of taxable real property and any taxable personal property may be identified and determined to be within or without the tax increment area, except that the description need not describe in complete detail each tract of real property proposed to be included within the tax increment area.

3. The governing body may, at any time after the effective date of a cooperative agreement entered into pursuant to this section, adopt a resolution that provisionally orders the undertakings and creation of the tax increment area.

4. The notice of the meeting required pursuant to subsection 3 of NRS 278C.170 must:

(a) Describe by reference the general types of undertakings authorized pursuant to NRS 278C.140 and the undertakings proposed for the tax increment area;

(b) Describe the last finalized amount of the assessed valuation of the real property within the boundaries of the tax increment area, and state that, based upon the records of the county treasurer, no property taxes were collected on any of that property, or on any interest therein, during the most recent year for which those records are available;

(c) Describe the tax increment area or its location, so that the various tracts of taxable real or personal property may be identified and determined to be within or without the tax increment area; and

(d) State the date, time and place of the meeting described in subsection 1 of NRS 278C.170.

5. If, after considering all properly submitted and relevant written and oral complaints, protests, objections and other relevant comments and after considering any other relevant material, the governing body determines that the undertaking is in the public interest and defines that public interest, the governing body shall determine whether to proceed with the undertaking. If the governing body has ordered any modification to an undertaking and has determined to proceed, the governing body must consult with the Board of Regents to obtain its consent to the proposed modification. When the Board of Regents and the governing body are in agreement on the modification, if any, and a statement of the modification is filed with the clerk, if the governing body wants to proceed with the undertaking, the governing body shall adopt an ordinance in the same manner as any other ordinance:

(a) Overruling all complaints, protests and objections not otherwise acted upon;

(b) Ordering the undertaking;

(c) Describing the tax increment area to which the undertaking pertains; and

(d) Creating a tax increment account for the undertaking.

6. Money deposited in the tax increment account as described in ***subparagraph (2) of*** paragraph ~~[(b)]~~ ***(a)*** of subsection 1 of NRS 278C.250 may be used to pay the capital costs of the undertaking directly, in addition to being used to pay the bond requirements of loans, money advanced or indebtedness incurred to finance or refinance an undertaking, and may continue to be used for those purposes until the expiration of the tax increment area pursuant to NRS 278C.300.

7. The Board of Regents may pledge to any securities it issues under a delegation pursuant to subsection 8, or irrevocably dedicate to the city that will issue securities hereunder, any revenues of the Nevada System of Higher Education derived from the campus of the Nevada System of Higher Education whose boundaries are included in whole or in part in the tax increment area, other than revenues from state appropriations and from student fees, and subject to any covenants or restrictions in any instruments authorizing other securities. Such an irrevocable dedication must be for the term of the securities issued by the city and any securities refunding those securities and may also extend for the term of the tax increment area.

8. The city may delegate to the Board of Regents the authority to issue any security other than a general obligation security which the city is authorized to issue pursuant to this chapter, and in connection therewith, may irrevocably dedicate to the Board of Regents the revenues that are authorized pursuant to this chapter to be pledged or used to repay those securities, including, without limitation, all money in the tax increment account created pursuant to subsection 5. The irrevocable dedication of any security pursuant to this subsection must be for the term of the security issued by the Nevada System of Higher Education and any security refunding those securities and may also extend for the term of the tax increment area.

9. If the boundaries of a county school district include a tax increment area created pursuant to this section and the county school district operates a public school on property within the boundaries of that tax increment area, the county school district and the Nevada System of Higher Education shall consult with one another regarding funding for the operating costs of that public school.

Sec. 5. NRS 278C.160 is hereby amended to read as follows:

278C.160 1. Whenever the governing body of a municipality is of the opinion that the interests of the municipality and the public require an undertaking, the governing body, by resolution, shall direct the engineer to prepare:

(a) Preliminary plans and a preliminary estimate of the cost of the undertaking, including, without limitation, all estimated financing costs to be capitalized with the proceeds of the securities issued by the municipality and all other estimated incidental costs relating to the undertaking;

(b) A statement of the proposed tax increment area pertaining thereto, ~~[the]~~ ***including:***

(1) The last finalized amount of the assessed valuation of the taxable property in such area, and the amount of taxes, including in such amount the sum of any unpaid taxes, whether or not delinquent, resulting from the last taxation of the property, based upon the records of the county assessor and the county treasurer; ***and***

(2) If the undertaking is a water project for which the municipality has received approval from the Interim Finance Committee pursuant to section 1 of this act:

(I) The total amount of taxes imposed on the sale or use of tangible personal property in such area in the immediately preceding fiscal year, based upon the records of the Department of Taxation; and

(II) The total amount of taxes imposed pursuant to NRS 363A.130 and 363B.110 on employers in such area in the immediately preceding fiscal year, based upon the records of the Department of Taxation; and

(c) A statement of the estimated amount of the tax proceeds to be credited annually to the tax increment account during the term of the proposed securities payable therefrom.

2. The resolution must describe the undertaking in general terms and must state:

(a) What portion of the expense of the undertaking will be paid with the proceeds of securities ***or other allowable borrowing instruments*** issued by the municipality in anticipation of tax proceeds to be credited to the tax increment account and payable wholly or in part therefrom;

(b) How the remaining portion of the expense of the undertaking, if any, is to be financed; and

(c) The basic security and any additional security for the payment of securities ***or other allowable borrowing instruments*** of the municipality pertaining to the undertaking.

3. The resolution must designate the tax increment area or its location, so that the various tracts of taxable real property ***,*** ~~[and]~~ any taxable personal property ***and the locations of any retailers and employers*** can be identified and determined to be within or without the proposed tax increment area, but need not describe in minute detail each tract of real property proposed to be included within the tax increment area.

4. The engineer shall file with the clerk the preliminary plans, estimate of costs and statements.

5. Upon the filing of the preliminary plans, estimate of costs and statements with the clerk, the governing body shall examine the preliminary plans, estimate of costs and statements, and if the governing body approves of the preliminary plans, estimate of costs and statements, it shall by resolution provisionally order the undertaking.

Sec. 6. NRS 278C.170 is hereby amended to read as follows:

278C.170 1. In the resolution making the provisional order, the governing body shall set a time and place for a meeting to consider the ordering of the undertaking and hear all complaints, protests, objections and other relevant comments concerning the undertaking that are made in accordance with subsection 2. The time for the meeting must be at least 20 days after the date the governing body adopts the resolution that provisionally orders the undertaking.

2. The Federal Government, the State, any public body, ~~[or]~~ any natural person who resides in the municipality or owns taxable personal or real property in the municipality, ***any retailer or employer, if applicable, that is located within the proposed tax increment area pertaining to the undertaking,*** or any representative of any such natural person or entity, may submit a complaint, protest, objection or other comment about the undertaking before the governing body. If such an entity or person desires to submit a complaint, protest, objection or other comment about the undertaking for consideration by the governing body, the entity or person must:

(a) File a written complaint, protest, objection or other comment about the undertaking with the clerk at least 3 days before the date of the meeting described in subsection 1;

(b) Present an oral complaint, protest, objection or other comment about the undertaking to the governing body at the meeting described in subsection 1; or

(c) Present the complaint, protest, objection or other comment in the manner required pursuant to paragraphs (a) and (b).

3. Notice of the meeting described in subsection 1 must be given:

(a) To all persons on the list established pursuant to NRS 278C.180, by mailing;

(b) By posting; and

(c) By publication.

4. The notice must:

(a) Describe the undertaking and the project or projects relating thereto without mentioning minor details or incidentals;

(b) State the preliminary estimate of the cost of the undertaking, including all incidental costs, as stated in the preliminary plans, estimate of costs and statements of the engineer filed with the clerk pursuant to NRS 278C.160;

(c) Describe the proposed tax increment area pertaining to the undertaking, ~~[the]~~ ***including:***

(1) The last finalized amount of the assessed valuation of the taxable property in the area, and the amount of taxes, including in such amount the sum of any unpaid taxes, whether or not delinquent, resulting from the last taxation of the property, based upon the records of the county assessor and the county treasurer; ***and***

(2) If the undertaking is a water project for which the municipality has received approval from the Interim Finance Committee pursuant to section 1 of this act:

(I) The total amount of taxes imposed on the sale or use of tangible personal property in the area in the immediately preceding fiscal year, based upon the records of the Department of Taxation; and

(II) The total amount of taxes imposed pursuant to NRS 363A.130 and 363B.110 on employers in the area in the immediately preceding fiscal year, based upon the records of the Department of Taxation;

(d) State what portion of the expense of the undertaking will be paid with the proceeds of securities ***or other allowable borrowing instruments*** issued by the municipality in anticipation of tax proceeds to be credited to the tax increment account and payable wholly or in part therefrom, and state the basic security and any additional security for the payment of securities ***or other allowable***

borrowing instruments of the municipality pertaining to the undertaking;

(e) State how the remaining portion of the expense, if any, is to be financed;

(f) State the estimated amount of the tax proceeds to be credited annually to the tax increment account pertaining to the undertaking during the term of the proposed securities ***or other allowable borrowing instruments*** payable from such proceeds, and the estimated amount of any net revenues derived annually from the operation of the project or projects pertaining to the undertaking and pledged for the payment of those securities ~~[,]~~ ***or other allowable borrowing instruments;***

(g) State the estimated aggregate principal amount to be borrowed by the issuance of the securities ~~[,]~~ ***or other allowable borrowing instruments,*** excluding proceeds thereof to fund or refund outstanding securities, and the estimated total bond requirements of the securities ~~[,]~~ ***or other allowable borrowing instruments;***

(h) Find, determine and declare that the estimated tax proceeds to be credited to the tax increment account and any such net pledged revenues will be fully sufficient to pay the bond requirements of the securities ***or other allowable borrowing instruments*** as they become due; and

(i) State the date, time and place of the meeting described in subsection 1.

5. All proceedings may be modified or rescinded wholly or in part by resolution adopted by the governing body at any time before the governing body passes the ordinance ordering the undertaking and creating the tax increment area and the tax increment account pertaining thereto pursuant to NRS 278C.220.

6. Except as otherwise provided in this section, a public body shall not make a substantial change in the undertaking, the preliminary estimates, the proposed tax increment area or other statements relating thereto after the first publication or posting of notice or after the first mailing of notice to the property owners, whichever occurs first, without additional notice and a hearing pursuant to this section. A public body may delete a portion of the undertaking and property from the proposed tax increment area without notice and a hearing pursuant to this section. A subsequent final determination of the amount of assessed valuation of taxable property in the tax increment area or a subsequent levy ***or imposition*** of taxes does not adversely affect proceedings taken pursuant to this chapter.

7. The engineer may make minor changes in and develop the undertaking as to the time, plans and materials entering into the undertaking at any time before its completion. Any minor changes authorized by this subsection must be made a matter of public record at a public meeting of the governing body.

Sec. 7. NRS 278C.180 is hereby amended to read as follows:

278C.180 1. The governing body shall cause ***to be created*** a list of the names and addresses of all ~~[~~persons~~]~~ ***:***

(a) Persons who reside within a proposed tax increment area and who own taxable property within a proposed tax increment area ~~[~~to be created.~~]~~ ***; and***

(b) If the undertaking is a water project for which the municipality has received approval from the Interim Finance Committee pursuant to section 1 of this act:

(1) Retailers located within a proposed tax increment area; and

(2) Employers located within a proposed tax increment area.

➥ The names and addresses for the list may be obtained from the records of the county assessor ***, the Department of Taxation*** or from such other sources as the clerk or the engineer deems available. A list of such names and addresses pertaining to any tax increment area may be revised from time to time, but must be revised at least once every 12 months if the list is needed for a period longer than 12 months.

2. If notice is required to be mailed pursuant to this chapter, the notice must be sent by prepaid, first-class mail, to the last known address of the person to whom the notice is being sent.

3. The mailing of any notice required in this chapter must be verified by the affidavit or certificate of the engineer, clerk, deputy or other person mailing the notice. Each verification of mailing must be filed with the clerk and be retained in the records of the municipality at least until all bonds and any other securities pertaining to a tax increment account have been paid in full, or any claim is barred by a statute of limitations.

4. A verification of mailing is prima facie evidence of the mailing of the notice in accordance with the requirements of this section.

Sec. 8. NRS 278C.250 is hereby amended to read as follows:

278C.250 1. After the effective date of the ordinance adopted pursuant to NRS 278C.220 ~~[~~, any~~]~~ ***:***

(a) Any taxes levied upon taxable property in the tax increment area each year by or for the benefit of the State, the municipality and any public body must be divided as follows:

~~[(a)]~~ ***(1)*** That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of those taxing agencies upon the total sum of the assessed value of the taxable property in the tax increment area as shown upon the last equalized assessment roll used in connection with the taxation of the property by the taxing agency, must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid.

~~[(b)]~~ ***(2)*** Except as otherwise provided in this section, the portion of the taxes levied each year in excess of the amount determined pursuant to ~~[paragraph (a)]~~ ***subparagraph (1)*** must be allocated to, and when collected must be paid into, the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness, whether funded, refunded, assumed or otherwise, incurred by the municipality to finance or refinance, in whole or in part, the undertaking. Unless the total assessed valuation of the taxable property in the tax increment area exceeds the total assessed value of the taxable property in the area as shown by the last equalized assessment roll referred to in this subsection, all of the taxes levied and collected upon the taxable property in the area must be paid into the funds of the respective taxing agencies. When the loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the taxable property in the tax increment area must be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(b) If the undertaking is a water project for which the municipality has received approval from the Interim Finance Committee pursuant to section 1 of this act, any taxes levied upon the sale or use of tangible personal property in the tax increment area each year by or for the benefit of the State, the municipality and any public body must be divided as follows:

(1) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of those taxing agencies upon the total sum of the sales and use of tangible personal property in the tax increment area in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, must be allocated to and when collected must be paid into the funds of the respective taxing

agencies as taxes by or for the taxing agencies on all other sales of tangible personal property are paid.

(2) Except as otherwise provided in this section, of the portion of the taxes levied each year in excess of the amount determined pursuant to subparagraph (1), 50 percent of that amount must be allocated to, and when collected must be paid into the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness, whether funded, refunded, assumed or otherwise, incurred by the municipality to finance or refinance, in whole or in part, the undertaking. The remaining 50 percent of that amount must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other sales of tangible personal property are paid. Unless the total amount of the taxes imposed on the sale and use of tangible personal property in the tax increment area exceeds the total amount of the taxes imposed on the sale and use of tangible personal property in the tax increment area in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, all of the taxes levied and collected upon the sale or use of tangible personal property in the tax increment area must be paid into the funds of the respective taxing agencies. When the loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the sale or use of tangible personal property in the tax increment area must be paid into the funds of the respective taxing agencies as taxes on all other taxes on the sale or use of tangible personal property are paid.

(c) If the undertaking is a water project for which the municipality has received approval from the Interim Finance Committee pursuant to section 1 of this act, any taxes imposed pursuant to NRS 363A.130 or 363B.110 on employers located in the tax increment area must be divided as follows:

(1) That portion of the taxes that would be produced by the rate upon which the tax is imposed each year by the Department of Taxation in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, must be allocated to and when collected must be paid to the Department of Taxation as all other taxes imposed pursuant to NRS 363A.130 and 363B.110 are paid.

(2) Except as otherwise provided in this section, of the portion of the taxes imposed each year in excess of the amount determined pursuant to subparagraph (1), 50 percent of that

amount must be allocated to, and when collected must be paid into, the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness, whether funded, refunded, assumed or otherwise, incurred by the municipality to finance or refinance, in whole or in part, the undertaking. The remaining 50 percent of that amount must be allocated to and when collected must be paid to the Department of Taxation as all other taxes imposed pursuant to NRS 363A.130 and 363B.110 are paid. Unless the total amount of the taxes imposed pursuant to NRS 363A.130 and 363B.110 on employers located in the tax increment area exceeds the total amount of the taxes imposed on employers located in the tax increment area in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, all of the taxes imposed on employers located in the tax increment area must be paid to the Department of Taxation. When the loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes imposed pursuant to NRS 363A.130 or 363B.110 on employers located in the tax increment area must be paid to the Department of Taxation as all other taxes imposed pursuant to NRS 363A.130 and 363B.110 are paid.

~~[(c)]~~ ***2.*** The amount of the taxes levied each year which are paid into the tax increment account pursuant to ~~[paragraph (b)]~~ ***subparagraph (2) of paragraph (a) of subsection 1, subparagraph (2) of paragraph (b) of subsection 1 and subparagraph (2) of paragraph (c) of subsection 1*** must be limited by the governing body to an amount not to exceed the combined total amount required for annual debt service of ***or any outstanding advances of money or unfunded costs associated with*** the project or projects acquired, improved or equipped, or any combination thereof, as part of the undertaking.

~~[(d)]~~ ***3.*** Any revenues generated within the tax increment ~~[district]~~ ***area*** in excess of the amount referenced in ~~[paragraph (c),]~~ ***subsection 2,*** if any, will be paid into the funds of the respective taxing agencies in the same proportion as their base amount was distributed.

~~[2.]~~ ***4.*** Except as otherwise provided in this subsection, in any fiscal year, the total revenue paid to a tax increment area ***pursuant to subparagraph (2) of paragraph (a) of subsection 1*** in combination with the total revenue paid to any other tax increment areas and any redevelopment agencies of a municipality ***, other than any revenues paid to any other tax increment areas pursuant to***

subparagraph (2) of paragraph (b) of subsection 1 and subparagraph (2) of paragraph (c) of subsection 1, must not exceed:

(a) In a county whose population is 100,000 or more or a city whose population is 150,000 or more, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 10 percent of the total assessed valuation of the municipality.

(b) In a county whose population is less than 100,000 or a city whose population is less than 150,000, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 15 percent of the total assessed valuation of the municipality.

➥ Notwithstanding the provisions of this subsection, if a county has a population of less than 100,000 or if a city has a population of less than 150,000 at the time the municipality issues securities for a tax increment area pursuant to NRS 278C.280, the revenue limitation set forth in paragraph (b) must remain the revenue limitation for the tax increment area until such time as the securities issued for that tax increment area pursuant to NRS 278C.280 have been paid in full, including any securities issued to refund those securities, regardless of whether the population of the municipality reaches or exceeds 100,000 after the issuance of those securities.

~~[3.]~~ ***5.*** If the revenue paid to a tax increment area must be limited pursuant to paragraph (a) or (b) of subsection ~~[2]~~ ***4*** and the municipality has more than one redevelopment agency or tax increment area, or one of each, the municipality shall determine the allocation to each agency and area. Any revenue that would be allocated to a tax increment area but for the provisions of this section must be paid into the funds of the respective taxing agencies.

~~[4.]~~ ***6.*** The portion of the taxes levied each year in excess of the amount determined pursuant to ***subparagraph (1) of*** paragraph (a) of subsection 1 which is attributable to any tax rate levied by a taxing agency:

(a) To produce revenue in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness that was approved by a majority of the registered voters within the area of the taxing agency voting upon the question, must be allocated to, and when collected must be paid into, the debt service fund of that taxing agency.

(b) In excess of any tax rate of that taxing agency applicable to the last taxation of the property before the effective date of the ordinance, if that additional rate was approved by a majority of the

registered voters within the area of the taxing agency voting upon the question, must be allocated to, and when collected must be paid into, the appropriate fund of that taxing agency.

(c) Pursuant to NRS 387.3285 or 387.3287, if that rate was approved by a majority of the registered voters within the area of the taxing agency voting upon the question, must be allocated to, and when collected must be paid into, the appropriate fund of that taxing agency.

(d) For the support of the public schools within a county school district pursuant to NRS 387.195, must be allocated to, and when collected must be paid into, the appropriate fund of that taxing agency.

~~[5.]~~ ***7.*** The provisions of paragraph (a) of subsection ~~[4]~~ ***6*** include, without limitation, a tax rate approved for bonds of a county school district issued pursuant to NRS 350.020, including, without limitation, amounts necessary for a reserve account in the debt service fund.

~~[6.]~~ ***8.*** As used in this section, the term "last equalized assessment roll" means the assessment roll in existence on the 15th day of March immediately preceding the effective date of the ordinance.

Sec. 9. NRS 278C.280 is hereby amended to read as follows:

278C.280 1. To defray in whole or in part the cost of any undertaking, a municipality may issue the following securities:

(a) Notes;

(b) Warrants;

(c) Interim debentures;

(d) Bonds; ~~[and]~~

(e) Temporary bonds ~~[.]~~ ***; and***

(f) Upon the approval of the Interim Finance Committee pursuant to section 1 of this act, municipal securities and revenue securities purchased by the State Treasurer in accordance with the provisions of chapter 350A of NRS.

2. Any net revenues derived from the operation of a project acquired, improved or equipped, or any combination thereof, as part of the undertaking must be pledged for the payment of any securities issued pursuant to this section. The securities must be made payable from any such net pledged revenues as the bond requirements become due from time to time by the bond ordinance, trust indenture or other proceedings that authorize the issuance of the securities or otherwise pertain to their issuance.

3. Securities issued pursuant to this section:

(a) Must be made payable from tax proceeds accounted for in the tax increment account; and

(b) May, at the option of the municipality and if otherwise so authorized by law, be made payable from the taxes levied by the municipality against all taxable property within the municipality.

➥ The municipality may also issue general obligation securities other than the ones authorized by this chapter that are made payable from taxes without also making the securities payable from any net pledged revenues or tax proceeds accounted for in a tax increment account, or from both of those sources of revenue.

4. Any securities payable only in the manner provided in either paragraph (a) of subsection 3 or both subsection 2 and paragraph (a) of subsection 3:

(a) Are special obligations of the municipality and are not in their issuance subject to any debt limitation imposed by law;

(b) While they are outstanding, do not exhaust the debt incurring power of the municipality; and

(c) May be issued under the provisions of the Local Government Securities Law, except as otherwise provided in this chapter, without any compliance with the provisions of NRS 350.020 to 350.070, inclusive, except as otherwise provided in the Local Government Securities Law, only after the issuance of municipal bonds is approved under the provisions of NRS 350.011 to 350.0165, inclusive.

5. Any securities payable from taxes in the manner provided in paragraph (b) of subsection 3, regardless of whether they are also payable in the manner provided in paragraph (a) of subsection 3 or in both subsection 2 and paragraph (a) of subsection 3:

(a) Are general obligations of the municipality and are in their issuance subject to such debt limitation;

(b) While they are outstanding, do exhaust the power of the municipality to incur debt; and

(c) May be issued under the provisions of the Local Government Securities Law only after the issuance of municipal bonds is approved under the provisions of:

(1) NRS 350.011 to 350.0165, inclusive; or

(2) NRS 350.020 to 350.070, inclusive,

➥ except for the issuance of notes or warrants under the Local Government Securities Law that are payable out of the revenues for the current year and are not to be funded with the proceeds of interim debentures or bonds in the absence of such bond approval under the two acts designated in subparagraphs (1) and (2).

6. In the proceedings for the advancement of money, or the making of loans, or the incurrence of any indebtedness, whether funded, refunded, assumed or otherwise, by the municipality to finance or refinance, in whole or in part, the undertaking, the portion of taxes mentioned in subsection ~~[2]~~ ***4*** of NRS 278C.250 must be irrevocably pledged for the payment of the bond requirements of the loans, advances or indebtedness. The provisions in the Local Government Securities Law pertaining to net pledged revenues are applicable to such a pledge to secure the payment of tax increment bonds.

Sec. 10. NRS 350A.120 is hereby amended to read as follows:

350A.120 "Tax" means ~~[a]~~ ***:***

1. A general (ad valorem) property tax.

2. Any tax or portion thereof to which is attributable the proceeds that are paid into the tax increment account of a tax increment area created by a municipality pursuant to NRS 278C.220.

Sec. 11. NRS 355.170 is hereby amended to read as follows:

355.170 1. Except as otherwise provided in this section and NRS 354.750 and 355.171, the governing body of a local government may purchase for investment the following securities and no others:

(a) Bonds and debentures of the United States, the maturity dates of which do not extend more than 10 years after the date of purchase.

(b) Farm loan bonds, consolidated farm loan bonds, debentures, consolidated debentures and other obligations issued by federal land banks and federal intermediate credit banks under the authority of the Federal Farm Loan Act, formerly 12 U.S.C. §§ 636 to 1012, inclusive, and §§ 1021 to 1129, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive, and bonds, debentures, consolidated debentures and other obligations issued by banks for cooperatives under the authority of the Farm Credit Act of 1933, formerly 12 U.S.C. §§ 1131 to 1138e, inclusive, and the Farm Credit Act of 1971, 12 U.S.C. §§ 2001 to 2259, inclusive.

(c) Bills and notes of the United States Treasury, the maturity date of which is not more than 10 years after the date of purchase.

(d) Obligations of an agency or instrumentality of the United States of America or a corporation sponsored by the government, the maturity date of which is not more than 10 years after the date of purchase.

(e) Negotiable certificates of deposit issued by commercial banks, insured credit unions or savings and loan associations.

(f) Securities which have been expressly authorized as investments for local governments by any provision of Nevada Revised Statutes or by any special law.

(g) Nonnegotiable certificates of deposit issued by insured commercial banks, insured credit unions or insured savings and loan associations, except certificates that are not within the limits of insurance provided by an instrumentality of the United States, unless those certificates are collateralized in the same manner as is required for uninsured deposits by a county treasurer pursuant to NRS 356.133. For the purposes of this paragraph, any reference in NRS 356.133 to a "county treasurer" or "board of county commissioners" shall be deemed to refer to the appropriate financial officer or governing body of the local government purchasing the certificates.

(h) Subject to the limitations contained in NRS 355.177, negotiable notes medium-term obligations issued by local governments of the State of Nevada pursuant to NRS 350.087 to 350.095, inclusive.

(i) Bankers' acceptances of the kind and maturities made eligible by law for rediscount with Federal Reserve Banks, and generally accepted by banks or trust companies which are members of the Federal Reserve System. Eligible bankers' acceptances may not exceed 180 days' maturity. Purchases of bankers' acceptances may not exceed 20 percent of the money available to a local government for investment as determined on the date of purchase.

(j) Obligations of state and local governments ***:*** ~~[if:]~~

(1) ***If:***

(I) The interest on the obligation is exempt from gross income for federal income tax purposes; and

~~[(2)]~~ ***(II)*** The obligation has been rated "A" or higher by one or more nationally recognized bond credit rating agencies ~~[.]~~ ***; or***

(2) If the obligation is secured by the proceeds that are paid into the tax increment account of a tax increment area created by a municipality pursuant to NRS 278C.220.

(k) Commercial paper issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States that:

(1) Is purchased from a registered broker-dealer;

(2) At the time of purchase has a remaining term to maturity of no more than 270 days; and

(3) Is rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better,

➥ except that investments pursuant to this paragraph may not, in aggregate value, exceed 20 percent of the total portfolio as determined on the date of purchase, and if the rating of an obligation is reduced to a level that does not meet the requirements of this paragraph, it must be sold as soon as possible.

(l) Money market mutual funds which:

(1) Are registered with the Securities and Exchange Commission;

(2) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and

(3) Invest only in:

(I) Securities issued by the Federal Government or agencies of the Federal Government;

(II) Master notes, bank notes or other short-term commercial paper rated by a nationally recognized rating service as "A-1," "P-1" or its equivalent, or better, issued by a corporation organized and operating in the United States or by a depository institution licensed by the United States or any state and operating in the United States; or

(III) Repurchase agreements that are fully collateralized by the obligations described in sub-subparagraphs (I) and (II).

(m) Obligations of the Federal Agricultural Mortgage Corporation.

2. Repurchase agreements are proper and lawful investments of money of a governing body of a local government for the purchase or sale of securities which are negotiable and of the types listed in subsection 1 if made in accordance with the following conditions:

(a) The governing body of the local government shall designate in advance and thereafter maintain a list of qualified counterparties which:

(1) Regularly provide audited and, if available, unaudited financial statements;

(2) The governing body of the local government has determined to have adequate capitalization and earnings and appropriate assets to be highly creditworthy; and

(3) Have executed a written master repurchase agreement in a form satisfactory to the governing body of the local government pursuant to which all repurchase agreements are entered into. The master repurchase agreement must require the prompt delivery to the governing body of the local government and the appointed custodian of written confirmations of all transactions conducted thereunder, and must be developed giving consideration to the Federal Bankruptcy Act.

(b) In all repurchase agreements:

(1) At or before the time money to pay the purchase price is transferred, title to the purchased securities must be recorded in the name of the appointed custodian, or the purchased securities must be delivered with all appropriate, executed transfer instruments by physical delivery to the custodian;

(2) The governing body of the local government must enter a written contract with the custodian appointed pursuant to subparagraph (1) which requires the custodian to:

(I) Disburse cash for repurchase agreements only upon receipt of the underlying securities;

(II) Notify the governing body of the local government when the securities are marked to the market if the required margin on the agreement is not maintained;

(III) Hold the securities separate from the assets of the custodian; and

(IV) Report periodically to the governing body of the local government concerning the market value of the securities;

(3) The market value of the purchased securities must exceed 102 percent of the repurchase price to be paid by the counterparty and the value of the purchased securities must be marked to the market weekly;

(4) The date on which the securities are to be repurchased must not be more than 90 days after the date of purchase; and

(5) The purchased securities must not have a term to maturity at the time of purchase in excess of 10 years.

3. The securities described in paragraphs (a), (b) and (c) of subsection 1 and the repurchase agreements described in subsection 2 may be purchased when, in the opinion of the governing body of the local government, there is sufficient money in any fund of the local government to purchase those securities and the purchase will not result in the impairment of the fund for the purposes for which it was created.

4. When the governing body of the local government has determined that there is available money in any fund or funds for the purchase of bonds as set out in subsection 1 or 2, those purchases may be made and the bonds paid for out of any one or more of the funds, but the bonds must be credited to the funds in the amounts purchased, and the money received from the redemption of the bonds, as and when redeemed, must go back into the fund or funds from which the purchase money was taken originally.

5. Any interest earned on money invested pursuant to subsection 3, may, at the discretion of the governing body of the

local government, be credited to the fund from which the principal was taken or to the general fund of the local government.

6. The governing body of a local government may invest any money apportioned into funds and not invested pursuant to subsection 3 and any money not apportioned into funds in bills and notes of the United States Treasury, the maturity date of which is not more than 1 year after the date of investment. These investments must be considered as cash for accounting purposes, and all the interest earned on them must be credited to the general fund of the local government.

7. This section does not authorize the investment of money administered pursuant to a contract, debenture agreement or grant in a manner not authorized by the terms of the contract, agreement or grant.

8. As used in this section:

(a) "Counterparty" means a bank organized and operating or licensed to operate in the United States pursuant to federal or state law or a securities dealer which is:

(1) A registered broker-dealer;

(2) Designated by the Federal Reserve Bank of New York as a "primary" dealer in United States government securities; and

(3) In full compliance with all applicable capital requirements.

(b) "Local government" has the meaning ascribed to it in NRS 354.474.

(c) "Repurchase agreement" means a purchase of securities by the governing body of a local government from a counterparty which commits to repurchase those securities or securities of the same issuer, description, issue date and maturity on or before a specified date for a specified price.

Sec. 12. This act becomes effective on July 1, 2015.