

ASSEMBLY BILL NO. 5—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE NEVADA LEAGUE OF
CITIES AND MUNICIPALITIES)

PREFILED NOVEMBER 16, 2022

Referred to Committee on Government Affairs

SUMMARY—Provides for a study of unfunded mandates on local governments. (BDR 31-368)

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

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

AN ACT relating to local financial administration; requiring the Department of Taxation to contract for a study of certain unfunded mandates on local governments; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides that if the Legislature directs one or more local
2 governments to establish a program or service or increase a program or service
3 which requires additional funding and the expense required to be paid by each local
4 government to establish, provide or increase the program or service is \$5,000 or
5 more, a specified source for the additional revenue to pay the expense must be
6 authorized by a specific statute. (NRS 354.599) Existing law further provides that if
7 any provision contained in a legislative measure will have the effect of requiring
8 one or more local governments to establish, provide or increase a program or
9 service which is estimated to cost in excess of \$5,000 per local government and a
10 specific source for the additional revenue to pay the expense is not authorized by a
11 specific statute, the face of the legislative measure must indicate that the legislative
12 measure contains an unfunded mandate and whether the legislative measure was
13 requested by or on behalf of one or more of the local governments that will be
14 required by the legislative measure to establish, provide or increase the program or
15 service. (NRS 218D.270)

16 **Section 1** of this bill requires the Department of Taxation to contract for the
17 services of an independent contractor to conduct a study and prepare a report of
18 unfunded mandates for which any local government made an expenditure during
19 the immediately preceding fiscal year. The independent contractor must: (1) use a
20 uniform method of identifying unfunded mandates; (2) report the total amount of



21 unfunded mandates that are identified as being made in the immediately preceding
22 fiscal year; and (3) for each such unfunded mandate identified, report the fiscal
23 effect on each local government that made an expenditure related to the unfunded
24 mandate. The report is due on or before August 1 of each year and is required to be
25 submitted to certain governmental entities. The first report that is required pursuant
26 to **section 1** is due on or before August 1, 2025, for the fiscal year beginning July 1,
27 2023, and ending on June 30, 2024. Finally, **section 1** requires each local
28 government to cooperate with the independent contractor and, upon request, furnish
29 information to the independent contractor.

30 **Sections 2 and 3** of this bill make conforming changes to indicate the proper
31 placement of **section 1** in the Nevada Revised Statutes.

32 **Section 4** of this bill requires the Department of Taxation, as soon as
33 practicable after July 1, 2023, to contract for the services of an independent
34 contractor to conduct a study and prepare a report on unfunded mandates, similar to
35 **section 1**, for the period beginning July 1, 2014, and ending on June 30, 2023.

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

1 **Section 1.** Chapter 354 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *1. The Department of Taxation shall contract for the services*
4 *of an independent contractor, in accordance with the provisions of*
5 *NRS 333.700, to conduct a study and prepare a report of unfunded*
6 *mandates for which any local government made an expenditure*
7 *during the immediately preceding fiscal year. The independent*
8 *contractor must, without limitation:*

9 *(a) Use a uniform method, as approved by the Department of*
10 *Taxation, of identifying unfunded mandates for which any local*
11 *government made an expenditure during the immediately*
12 *preceding fiscal year;*

13 *(b) Report the total amount of unfunded mandates that are*
14 *identified by the independent contractor pursuant to paragraph (a)*
15 *for the immediately preceding fiscal year; and*

16 *(c) For each unfunded mandate identified pursuant to*
17 *paragraph (a) for the immediately preceding fiscal year, report the*
18 *fiscal effect on each local government that made an expenditure*
19 *related to the unfunded mandate during the immediately*
20 *preceding fiscal year.*

21 *2. Each local government shall cooperate with the*
22 *independent contractor and, upon request, furnish information to*
23 *the independent contractor.*

24 *3. Except as otherwise provided in subsection 4, on or before*
25 *August 1 of each year, the independent contractor shall prepare*
26 *the report required pursuant to subsection 1 and submit the report*
27 *to:*

28 *(a) The Department of Taxation;*



1 (b) *The Director of the Legislative Counsel Bureau for*
2 *transmittal to the Legislature or, if the Legislature is not in*
3 *session, to the Legislative Commission; and*

4 (c) *Each local government that the independent contractor*
5 *identifies as having made an expenditure related to an unfunded*
6 *mandate during the fiscal year for which the report pertains.*

7 4. *The first report that is required to be prepared pursuant to*
8 *subsection 1 and submitted pursuant to subsection 3 is due on or*
9 *before August 1, 2025, for the fiscal year beginning July 1, 2023,*
10 *and ending June 30, 2024.*

11 5. *As used in this section, “unfunded mandate” means a*
12 *legislative measure that contains any provision directing one or*
13 *more local governments to establish, provide or increase a*
14 *program or service for which:*

15 (a) *The expense required to be paid by the local government to*
16 *establish, provide or increase the program or service is \$5,000 or*
17 *more; and*

18 (b) *A specified source for the additional revenue to pay the*
19 *expense is not authorized by a specific statute.*

20 **Sec. 2.** NRS 354.474 is hereby amended to read as follows:

21 354.474 1. Except as otherwise provided in subsections 2 and
22 3, the provisions of NRS 354.470 to 354.626, inclusive, *and section*
23 *1 of this act* apply to all local governments. For the purpose of
24 NRS 354.470 to 354.626, inclusive ~~+~~, *and section 1 of this act:*

25 (a) “Local government” means every political subdivision or
26 other entity which has the right to levy or receive money from ad
27 valorem or other taxes or any mandatory assessments, and includes,
28 without limitation, counties, cities, towns, boards, school districts
29 and other districts organized pursuant to chapters 244A, 318, 318A
30 and 379 of NRS, NRS 450.550 to 450.750, inclusive, and chapters
31 474, 541, 543 and 555 of NRS, and any agency or department of a
32 county or city which prepares a budget separate from that of the
33 parent political subdivision.

34 (b) “Local government” includes:

35 (1) The Nevada Rural Housing Authority for the purpose of
36 loans of money from a local government in a county whose
37 population is less than 100,000 to the Nevada Rural Housing
38 Authority in accordance with NRS 354.6118. The term does not
39 include the Nevada Rural Housing Authority for any other purpose.

40 (2) A regional authority formed pursuant to NRS 315.7805
41 but, except as otherwise provided in subparagraph (1), does not
42 include any other housing authority created by or pursuant to
43 chapter 315 of NRS.

44 2. An irrigation district organized pursuant to chapter 539 of
45 NRS shall fix rates and levy assessments as provided in



1 NRS 539.667 to 539.683, inclusive. The levy of such assessments
2 and the posting and publication of claims and annual financial
3 statements as required by chapter 539 of NRS shall be deemed
4 compliance with the budgeting, filing and publication requirements
5 of NRS 354.470 to 354.626, inclusive, *and section 1 of this act*, but
6 any such irrigation district which levies an ad valorem tax shall
7 comply with the filing and publication requirements of
8 NRS 354.470 to 354.626, inclusive, *and section 1 of this act*, in
9 addition to the requirements of chapter 539 of NRS.

10 3. An electric light and power district created pursuant to
11 chapter 318 of NRS shall be deemed to have fulfilled the
12 requirements of NRS 354.470 to 354.626, inclusive, *and section 1*
13 *of this act* for a year in which the district does not issue bonds or
14 levy an assessment if the district files with the Department of
15 Taxation a copy of all documents relating to its budget for that year
16 which the district submitted to the Rural Utilities Service of the
17 United States Department of Agriculture.

18 **Sec. 3.** NRS 354.476 is hereby amended to read as follows:

19 354.476 As used in NRS 354.470 to 354.626, inclusive, *and*
20 *section 1 of this act*, unless the context otherwise requires, the
21 words and terms defined in NRS 354.479 to 354.578, inclusive,
22 have the meanings ascribed to them in those sections.

23 **Sec. 4.** 1. As soon as practicable after July 1, 2023, the
24 Department of Taxation shall contract for the services of an
25 independent contractor, in accordance with the provisions of
26 NRS 333.700, to conduct a study and prepare a report of unfunded
27 mandates for which any local government made an expenditure
28 during the period beginning July 1, 2014, and ending on June 30,
29 2023. The independent contractor must, without limitation:

30 (a) Use a uniform method, as approved by the Department of
31 Taxation, of identifying unfunded mandates for which any local
32 government made an expenditure during the period beginning
33 July 1, 2014, and ending on June 30, 2023;

34 (b) Report the total amount of unfunded mandates that are
35 identified by the independent contractor pursuant to paragraph (a)
36 for the period beginning July 1, 2014, and ending on June 30, 2023;
37 and

38 (c) For each unfunded mandate identified pursuant to paragraph
39 (a) for the period beginning July 1, 2014, and ending on June 30,
40 2023, report the fiscal effect on each local government that made an
41 expenditure related to the unfunded mandate during that period.

42 2. Each local government shall cooperate with the independent
43 contractor and, upon request, furnish information to the independent
44 contractor.



1 3. On or before August 1, 2024, the independent contractor
2 shall prepare the report required pursuant to subsection 1 and submit
3 the report to:

4 (a) The Department of Taxation;

5 (b) The Director of the Legislative Counsel Bureau for
6 transmittal to the Legislature or, if the Legislature is not in session,
7 to the Legislative Commission; and

8 (c) Each local government that the independent contractor
9 identifies as having made an expenditure during the period
10 beginning July 1, 2014, and ending on June 30, 2023, that is related
11 to an unfunded mandate.

12 4. As used in this section:

13 (a) "Local government" has the meaning ascribed to it in
14 NRS 354.474.

15 (b) "Unfunded mandate" means a legislative measure that
16 contains any provision directing one or more local governments to
17 establish, provide or increase a program or service for which:

18 (1) The expense required to be paid by the local government
19 to establish, provide or increase the program or service is \$5,000 or
20 more; and

21 (2) A specified source for the additional revenue to pay the
22 expense is not authorized by a specific statute.

23 **Sec. 5.** The provisions of subsection 1 of NRS 218D.380 do
24 not apply to any provision of this act which adds or revises a
25 requirement to submit a report to the Legislature.

26 **Sec. 6.** This act becomes effective on July 1, 2023.



