

SENATE BILL NO. 343—SENATORS PICKARD,
HANSEN, HARDY; AND BUCK

MARCH 23, 2021

Referred to Committee on Finance

SUMMARY—Revises provisions relating to education.
(BDR 34-551)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 education; creating the Account for Improvements to Leased Property; setting forth various requirements related to lease agreements for school facilities to reduce class sizes; authorizing the board of trustees of a school district to enter into lease agreements for school facilities to reduce class sizes; requiring the revenues collected from various excise taxes on the sale of cannabis and cannabis products to be deposited in the Account for Improvements to Leased Property; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law authorizes the board of trustees of a school district to make
2 various decisions regarding school property, including, without limitation, entering
3 into a lease agreement for school facilities. (NRS 393.080) **Section 6** of this bill
4 authorizes the board of trustees of a school district to enter into lease agreements
5 with private businesses or organizations for school facilities to provide additional
6 space to reduce class sizes within the school district. **Section 5** of this bill sets forth
7 requirements for: (1) a lease agreement with a private business or organization to
8 provide additional space for academic instruction pursuant to **section 6**; (2)
9 soliciting bids requested by the board of trustees of a school district or a landlord
10 to make improvements to a leased school facility; and (3) a contract entered into by
11 the board of trustees of a school district or a landlord to make improvements to a
12 leased school facility.

13 **Section 4** of this bill creates the Account for Improvements to Leased Property
14 in the State General Fund. **Section 4** requires that money in the Account be used
15 only to make improvements to a school facility which has been leased by a school
16 district to reduce class sizes within the school district.



17 Existing law imposes various excise taxes on the sale of cannabis and cannabis
18 products. Under existing law, beginning July 1, 2021, the revenues collected from
19 the excise taxes imposed on the wholesale sale of cannabis are distributed first to
20 the Cannabis Compliance Board and local governments and then to the State
21 Education Fund, while the revenues collected from the excise tax imposed on the
22 retail sale of cannabis or cannabis products are distributed to the State Education
23 Fund. (NRS 372A.290) **Section 7** of this bill instead requires all revenues collected
24 from the excise taxes to be deposited to the credit of the Account for Improvements
25 to Leased Property.

26 **Section 1** of this bill makes a conforming change related to the use of certain
27 tax revenues. **Section 2** of this bill makes a conforming change related to paying
28 expenses relating to the acquisition of school facilities.

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

1 **Section 1.** NRS 387.1212 is hereby amended to read as
2 follows:

3 387.1212 1. The State Education Fund is hereby created as a
4 special revenue fund to be administered by the Superintendent of
5 Public Instruction for the purpose of supporting the operation of the
6 public schools in this State. The interest and income earned on the
7 money in the Fund, after deducting any applicable charges, must be
8 credited to the Fund.

9 2. Money which must be deposited for credit to the State
10 Education Fund includes, without limitation:

11 (a) All money derived from interest on the State Permanent
12 School Fund, as provided in NRS 387.030;

13 (b) The proceeds of the tax imposed pursuant to NRS 244.33561
14 and any applicable penalty or interest, less any amount retained by
15 the county treasurer for the actual cost of collecting and
16 administering the tax;

17 (c) The proceeds of the tax imposed pursuant to subsection 1 of
18 NRS 387.195;

19 (d) The portion of the money in each special account created
20 pursuant to subsection 1 of NRS 179.1187 which is identified in
21 paragraph (d) of subsection 2 of NRS 179.1187;

22 (e) The money identified in subsection 1 of NRS 328.450;

23 (f) The money identified in subsection 1 of NRS 328.460;

24 (g) The money identified in paragraph (a) of subsection 2 of
25 NRS 360.850;

26 (h) The money identified in paragraph (a) of subsection 2 of
27 NRS 360.855;

28 (i) The money required to be paid over to the State Treasurer for
29 deposit to the credit of the State Education Fund pursuant to
30 subsection 4 of NRS 362.170;



1 (j) ~~[(The portion of the proceeds of the tax imposed pursuant to~~
2 ~~subsection 1 of NRS 372A.290 identified in paragraph (b) of~~
3 ~~subsection 4 of NRS 372A.290;~~

4 ~~—(k) The proceeds of the tax imposed pursuant to subsection 3 of~~
5 ~~NRS 372A.290;~~

6 ~~—(l) The proceeds of the fees, taxes, interest and penalties~~
7 ~~imposed pursuant to chapter 374 of NRS, as transferred pursuant to~~
8 ~~subsection 3 of NRS 374.785;~~

9 ~~[(m)] (k) The money identified in paragraph (b) of subsection 3~~
10 ~~of NRS 678B.390;~~

11 ~~[(n)] (l) The portion of the proceeds of the excise tax imposed~~
12 ~~pursuant to subsection 1 of NRS 463.385 identified in paragraph (c)~~
13 ~~of subsection 5 of NRS 463.385;~~

14 ~~[(o)] (m) The money required to be distributed to the State~~
15 ~~Education Fund pursuant to subsection 3 of NRS 482.181;~~

16 ~~[(p)] (n) The portion of the net profits of the grantee of a~~
17 ~~franchise, right or privilege identified in NRS 709.110;~~

18 ~~[(q)] (o) The portion of the net profits of the grantee of a~~
19 ~~franchise identified in NRS 709.230;~~

20 ~~[(r)] (p) The portion of the net profits of the grantee of a~~
21 ~~franchise identified in NRS 709.270; and~~

22 ~~[(s)] (q) The direct legislative appropriation from the State~~
23 ~~General Fund required by subsection 3.~~

24 3. In addition to money from any other source provided by law,
25 support for the State Education Fund must be provided by direct
26 legislative appropriation from the State General Fund in an amount
27 determined by the Legislature to be sufficient to fund the operation
28 of the public schools in this State for kindergarten through grade 12
29 for the next ensuing biennium for the population reasonably
30 estimated for that biennium. Money in the State Education Fund
31 does not revert to the State General Fund at the end of a fiscal year,
32 and the balance in the State Education Fund must be carried forward
33 to the next fiscal year.

34 4. Money in the Fund must be paid out on claims as other
35 claims against the State are paid.

36 5. The Superintendent of Public Instruction may create one or
37 more accounts in the State Education Fund for the purpose of
38 administering any money received from the Federal Government for
39 the support of education and any State money required to be
40 administered separately to satisfy any requirement imposed by the
41 Federal Government. The money in any such account must not be
42 considered when calculating the statewide base per pupil funding
43 amount or appropriating money from the State Education Fund
44 pursuant to NRS 387.1214. The interest and income earned on the



1 money in any such account, after deducting any applicable charges,
2 must be credited to the account.

3 **Sec. 2.** NRS 387.335 is hereby amended to read as follows:

4 387.335 1. The board of trustees of a county school district
5 may issue its general obligations to raise money for the following
6 purposes, and no others:

7 (a) Construction, design or purchase of new buildings for
8 schools, including, but not limited to, teacherages, dormitories,
9 dining halls, gymnasiums and stadiums.

10 (b) Enlarging, remodeling or repairing existing buildings or
11 grounds for schools, including, but not limited to, teacherages,
12 dormitories, dining halls, gymnasiums and stadiums.

13 (c) Acquiring sites for building schools, or additional real
14 property for necessary purposes related to schools, including, but
15 not limited to, playgrounds, athletic fields and sites for stadiums.

16 (d) Paying expenses relating to the acquisition of school
17 facilities which have been leased by a school district pursuant to
18 *paragraph (b) of subsection 1 of* NRS 393.080.

19 (e) Purchasing necessary motor vehicles and other equipment to
20 be used for the transportation of pupils or furniture and equipment
21 for schools. If money from the issuance of general obligations is
22 used to purchase vehicles and other equipment used for the
23 transportation of pupils or furniture and equipment to replace
24 existing vehicles and equipment or furniture and equipment, as
25 applicable, and the existing vehicles and equipment or furniture and
26 equipment subsequently are sold, the proceeds from the sale must be
27 applied toward the retirement of those obligations.

28 2. Any one or more of the purposes enumerated in subsection 1
29 may, by order of the board of trustees entered in its minutes, be
30 united and voted upon as one single proposition.

31 3. Any question submitted pursuant to this section and any
32 question submitted pursuant to NRS 387.3285 may, by order of the
33 board of trustees entered in its minutes, be united and voted upon as
34 a single proposition.

35 **Sec. 3.** Chapter 393 of NRS is hereby amended by adding
36 thereto the provisions set forth as sections 4 and 5 of this act.

37 **Sec. 4. 1. *The Account for Improvements to Leased***
38 ***Property is hereby created in the State General Fund. The***
39 ***Department shall administer the Account.***

40 ***2. The money in the Account must be invested as other money***
41 ***of the State is invested. All interest and income earned on the***
42 ***money in the Account must be credited to the Account.***

43 ***3. Any money remaining in the Account at the end of a fiscal***
44 ***year does not revert to the State General Fund, and the balance in***
45 ***the Account must be carried forward to the next fiscal year.***



1 4. *The Department may accept gifts, grants, bequests and*
2 *donations from any source for deposit in the Account.*

3 5. *The money in the Account must be used only for the*
4 *purpose of making improvements to school facilities which have*
5 *been leased by a school district pursuant to subsection 3 of*
6 *NRS 393.080.*

7 **Sec. 5. 1.** *If the board of trustees of a school district intends*
8 *to enter into a lease agreement with a private business or*
9 *organization pursuant to paragraph (f) of subsection 1 of NRS*
10 *393.080, the board of trustees must use a request for proposal to*
11 *determine whether to enter into such a lease agreement. A lease*
12 *agreement must:*

13 (a) *Require the landlord to provide for the safety and security*
14 *of pupils and staff;*

15 (b) *Be for an amount of rent that is not more than the cost to*
16 *the school district of building and maintaining a school facility of*
17 *similar size and type;*

18 (c) *Provide that the board of trustees of a school district or the*
19 *landlord may make improvements or enter into a contract with a*
20 *private business or organization selected by the landlord to make*
21 *improvements to the school facility;*

22 (d) *Prohibit a private business or organization selected by the*
23 *landlord pursuant to paragraph (c) from making improvements to*
24 *the school facility without the approval of the board of trustees of*
25 *the school district;*

26 (e) *Be for a term based on the actual need of the school district*
27 *for the additional space for academic instruction;*

28 (f) *Except as otherwise provided in paragraph (g), authorize*
29 *the term of the lease agreement to be extended at the request of the*
30 *board of trustees of the school district at no additional cost or*
31 *increase in the amount of rent;*

32 (g) *Authorize an increase in the amount of rent only at the end*
33 *of each biennium and at a rate not more than the average increase*
34 *in market rent in the commercial office market where the school*
35 *facility is located;*

36 (h) *Except as otherwise provided in paragraph (g), not*
37 *authorize the increase of any costs during the term of the lease*
38 *agreement; and*

39 (i) *Require the board of trustees of the school district to*
40 *maintain the school facility, which may include, without*
41 *limitation, payment of maintenance costs that are fixed and based*
42 *on actual expenditures.*

43 2. *When requesting a bid to make improvements to the school*
44 *facility pursuant to paragraph (c) of subsection 1, the board of*
45 *trustees of a school district or a landlord shall request bids from*



1 *private businesses or organizations that previously qualified for a*
2 *contract with the school district or landlord without regard to any*
3 *affiliation of the private business or organization with a union. A*
4 *bid requested to make improvements to the school facility must:*

5 (a) *Be consistent with the requirements for licensure and any*
6 *other qualifications required of private businesses or*
7 *organizations that complete commercial projects of similar size*
8 *and scope in the industry; and*

9 (b) *Not be written in such a way that only one private business*
10 *or organization qualifies for the bid.*

11 3. *A contract entered into by the board of trustees of a school*
12 *district or a landlord to make improvements to a school facility*
13 *pursuant to paragraph (c) of subsection 1 must provide that:*

14 (a) *The work required by the contract must be completed by*
15 *the beginning of the school year or, if the school district*
16 *determines additional space for academic instruction is needed by*
17 *another time in the school year, by the time of completion*
18 *specified in the contract; and*

19 (b) *Damages for a breach of contract may be liquidated only if*
20 *the breach of contract is that the private business or organization*
21 *failed to substantially complete the work required by the contract*
22 *by the time specified in the contract pursuant to paragraph (a).*

23 4. *As used in this section, "substantially complete" means*
24 *that the work required by a contract entered into pursuant to*
25 *subsection 3 is completed to the extent that pupils may attend*
26 *school in all classrooms in the school facility and a certificate of*
27 *occupancy is issued for the school facility.*

28 **Sec. 6.** NRS 393.080 is hereby amended to read as follows:

29 393.080 1. The board of trustees of a school district may:

30 (a) Build, purchase or rent schoolhouses and other school
31 buildings, including, but not limited to, teacherages, gymnasiums
32 and stadiums, and dormitories and dining halls as provided in
33 NRS 393.090.

34 (b) Enter into lease agreements for school facilities with an
35 option to purchase the facilities.

36 (c) Change the location of schools.

37 (d) Close a school or change the use of the school building to a
38 purpose other than the teaching of kindergarten through 12th grade.

39 (e) Supervise and inspect the work performed pursuant to a
40 contract to which the provisions of NRS 393.110 apply.

41 (f) *Enter into lease agreements with private businesses or*
42 *organizations for school facilities to provide additional space for*
43 *academic instruction to reduce class sizes within the school district*
44 *in accordance with the provisions of section 5 of this act.*



1 2. Any board of trustees which proposes to change the location
2 of a school, close a school or change the use of a school building as
3 provided in subsection 1 shall give 30 days' written notice to the
4 principal and teachers of the affected school and to the parents of
5 the children attending that school. In addition the board of trustees
6 shall publish a notice of the subject, time and place of the meeting at
7 which the matter will be considered, in a newspaper of general
8 circulation in the county at least 10 days before the meeting.

9 **Sec. 7.** NRS 372A.290 is hereby amended to read as follows:

10 372A.290 1. An excise tax is hereby imposed on each
11 wholesale sale in this State of cannabis by a medical cannabis
12 cultivation facility to another cannabis establishment at the rate of
13 15 percent of the fair market value at wholesale of the cannabis. The
14 excise tax imposed pursuant to this subsection is the obligation of
15 the medical cannabis cultivation facility.

16 2. An excise tax is hereby imposed on each wholesale sale in
17 this State of cannabis by an adult-use cannabis cultivation facility to
18 another cannabis establishment at the rate of 15 percent of the fair
19 market value at wholesale of the cannabis. The excise tax imposed
20 pursuant to this subsection is the obligation of the adult-use
21 cannabis cultivation facility.

22 3. An excise tax is hereby imposed on each retail sale in this
23 State of cannabis or cannabis products by an adult-use cannabis
24 retail store at the rate of 10 percent of the sales price of the cannabis
25 or cannabis products. The excise tax imposed pursuant to this
26 subsection:

27 (a) Is the obligation of the adult-use cannabis retail store.

28 (b) Is separate from and in addition to any general state and
29 local sales and use taxes that apply to retail sales of tangible
30 personal property.

31 4. The revenues collected from the excise ~~tax~~ *taxes* imposed
32 pursuant to ~~subsection 1~~ *this section* must be distributed ~~:~~

33 ~~—(a) To the Cannabis Compliance Board and to local~~
34 ~~governments in an amount determined to be necessary by the Board~~
35 ~~to pay the costs of the Board and local governments in carrying out~~
36 ~~the provisions of chapter 678C of NRS; and~~

37 ~~—(b) If any money remains after the revenues are distributed~~
38 ~~pursuant to paragraph (a),] to the State Treasurer to be deposited to~~
39 ~~the credit of the [State Education Fund.] *Account for Improvements*~~
40 ~~*to Leased Property created by section 4 of this act.*~~

41 5. ~~The revenues collected from the excise tax imposed~~
42 ~~pursuant to subsection 2 must be distributed:~~

43 ~~—(a) To the Cannabis Compliance Board and to local~~
44 ~~governments in an amount determined to be necessary by the Board~~



1 to pay the costs of the Board and local governments in carrying out
2 the provisions of chapter 678D of NRS; and

3 ~~—(b) If any money remains after the revenues are distributed~~
4 ~~pursuant to paragraph (a), to the State Treasurer to be deposited to~~
5 ~~the credit of the State Education Fund.~~

6 ~~—6. For the purpose of subsections 4 and 5, a total amount of~~
7 ~~\$5,000,000 of the revenues collected from the excise tax imposed~~
8 ~~pursuant to subsection 1 and the excise tax imposed pursuant to~~
9 ~~subsection 2 in each fiscal year shall be deemed sufficient to pay the~~
10 ~~costs of all local governments to carry out the provisions of chapters~~
11 ~~678C and 678D of NRS. The Board shall, by regulation, determine~~
12 ~~the manner in which local governments may be reimbursed for the~~
13 ~~costs of carrying out the provisions of chapters 678C and 678D of~~
14 ~~NRS.~~

15 ~~—7. The revenues collected from the excise tax imposed pursuant~~
16 ~~to subsection 3 must be paid over as collected to the State Treasurer~~
17 ~~to be deposited to the credit of the State Education Fund.~~

18 ~~—8.]~~ As used in this section:

19 (a) “Adult-use cannabis cultivation facility” has the meaning
20 ascribed to it in NRS 678A.025.

21 (b) “Cannabis product” has the meaning ascribed to it in
22 NRS 678A.120.

23 (c) ~~“Local government” has the meaning ascribed to it in NRS~~
24 ~~360.640.~~

25 ~~—(d)]~~ “Medical cannabis cultivation facility” has the meaning
26 ascribed to it in NRS 678A.170.

27 ~~[(e)]~~ (d) “Medical cannabis establishment” has the meaning
28 ascribed to it in NRS 678A.180.

29 **Sec. 8.** This act becomes effective on July 1, 2021.

