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**Agency:** Department of Taxation

Permanent Regulation  
LCB File No. **R034-24**

FOR EMERGENCY  
REGULATIONS ONLY

**Effective date** \_\_\_\_\_

**Expiration date** \_\_\_\_\_

\_\_\_\_\_

**Governor's signature**

**Classification:** ADOPTED BY AGENCY

**Brief description of action:** The Committee on Local Government Finance adopted LCB File No. **R034-24**, to increase the limit on the amount of annual total expenditures for a special district to be eligible to petition for an exemption from certain requirements of the Local Government Budget and Finance Act; revise the documentation which a school district is required to include in its fiscal report; repeal certain regulations relating to fiscal reporting by local governments; and provide other matters properly relating thereto.

**Authority citation other than 233B: AUTHORITY:** §1, NRS 354.107 and NRS 354.475; §2, NRS 354.107 and 354.6015; §3, NRS 354.107

**Notice date:** August 7, 2024

**Date of Adoption by Agency:** September 18, 2024

**Hearing date:** September 18, 2024



**APPROVED REGULATION OF THE  
COMMITTEE ON LOCAL GOVERNMENT FINANCE**

**LCB File No. R034-24**

Filed December 19, 2024

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

AUTHORITY: § 1, NRS 354.107 and 354.475; § 2, NRS 354.107 and 354.6015; § 3, NRS 354.107.

A REGULATION relating to local government finance; increasing the limit on the amount of annual total expenditures for a special district to be eligible to petition for an exemption from certain requirements of the Local Government Budget and Finance Act; revising the documentation which a school district is required to include in its fiscal report; repealing certain regulations relating to fiscal reporting by local governments; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

The Local Government Budget and Finance Act sets forth various requirements, procedures and limitations relating to the financial administration of local governments. Local governments subject to the Act are required under existing law to file certain budget documents and audit reports with the Department of Taxation. (NRS 354.470-354.626) Existing law authorizes a special district subject to the Act with annual total expenditures of less than \$300,000 to petition the Department: (1) for an exemption from the requirements of the Act for the filing of certain budget documents and audit reports; and (2) to use a cash basis of accounting. (NRS 354.475)

Under existing regulations, a special district subject to the Act with annual total expenditures of less than \$200,000 during the current fiscal year and annual total expenditures of less than \$200,000 budgeted for the succeeding fiscal year is authorized to petition the Department for an exemption for 1 fiscal year from one or more of the following requirements: (1) filing a tentative budget; (2) filing independent audit reports; (3) certain publishing requirements of the Act; and (4) maintenance of its accounting records on an accrual or modified accrual basis. (NAC 354.010) **Section 1** of this regulation increases from \$200,000 to \$300,000 the limit on the amount of annual total expenditures for a special district to be eligible to file a petition for such exemptions, in conformance with the provisions of existing law.

Existing law requires the governing board of a local government to submit to the Department a fiscal report in accordance with such requirements as the Committee on Local Government Finance prescribes by regulation. (NRS 354.6015) Existing regulations prescribe the contents of the fiscal report, including, without limitation, the responses of the local government to the quarterly survey prescribed by the Committee concerning the economic conditions affecting the local government. (NAC 354.559) **Section 2** of this regulation exempts school districts from the requirement to include such responses in the fiscal report of a school district.

Existing law requires, with certain exceptions, the governing body of a local government to: (1) submit each year to the Department of Taxation a tentative budget, or, in the case of a school district, to the Department of Education; and (2) adopt a final budget each year and transmit the final budget to the Nevada Tax Commission. (NRS 354.596, 354.598) Existing regulations require, with certain exceptions, that the tentative budget and a copy of the final budget be submitted to the Department of Taxation as part of the fiscal report that the governing body of a local government is required to submit pursuant to existing law. (NAC 354.559) Existing regulations deem the requirements of existing law to submit a tentative budget and to transmit a final budget to be fulfilled if the governing body of the local government submits the required fiscal report to the Department. (NAC 354.555) **Section 3** of this regulation repeals the provision that deems the requirement to submit a tentative budget and to transmit a final budget to be fulfilled if the governing body of the local government submits the fiscal report to the Department.

The 2019 Legislature enacted Senate Bill No. 543, which established the Pupil-Centered Funding Plan and directed certain sources of revenue to the State Education Fund, including certain ad valorem property tax revenues. (Chapter 624, Statutes of Nevada 2019, at page 4193) **Section 3** repeals certain provisions requiring the reporting and reconciliation of the amount of ad valorem property taxes received by a county and the amount of those taxes distributed by the county to the county school district in light of the yearly apportionment for the support of public school districts being made from the State Education Fund.

**Section 1.** NAC 354.010 is hereby amended to read as follows:

354.010 1. Any special district with annual total expenditures of less than ~~+\$200,000~~ **\$300,000** during a current fiscal year and annual total expenditures of less than ~~+\$200,000~~ **\$300,000** budgeted for the succeeding fiscal year may petition the Department for exemption from all or any one of the following:

- (a) Filing of a tentative budget.
- (b) Filing of independent audit reports.

(c) Publishing requirements of the Local Government Budget and Finance Act, NRS 354.470 to 354.626, inclusive, other than the annual publication of a notice of budget adoption and filing.

(d) Maintaining accounting records on an accrual or modified accrual basis.

2. The petition must be in the form of an ordinance or resolution adopted by the governing body of the district.

3. No district will be granted an exemption if it is:

(a) In noncompliance with any law or regulation at the time the petition is made; or

(b) In default in payments due for the redemption of any bond or for any other outstanding indebtedness.

**Sec. 2.** NAC 354.559 is hereby amended to read as follows:

354.559 1. The fiscal report that the governing body of a local government is required to submit electronically to the Department pursuant to NRS 354.6015:

(a) ~~Includes~~ **Must include** the information listed in paragraph (b) of subsection 2 of NRS 354.6015;

(b) Must be submitted to the Department in the form of the documentation set forth in subsection 2; and

(c) Must be submitted to the Department on or before the dates and times set forth in subsection 2.

2. The fiscal report described in subsection 1 consists of the following documentation:

(a) Except for a local government that has been exempted from the requirement of filing its tentative budget pursuant to the provisions of NRS 354.475 and NAC 354.010 to 354.040, inclusive, the tentative budget that is required to be submitted to the Department pursuant to

NRS 354.596. The tentative budget must be submitted to the Department on or before 5 p.m. on April 15 of each year.

(b) A copy of the final budget that is required to be submitted to the Nevada Tax Commission pursuant to NRS 354.598. Except as otherwise provided in this paragraph, the copy of the final budget must be submitted to the Department on or before 5 p.m. on June 1 of each year. The copy of the final budget of:

(1) A school district must be submitted to the Department on or before 5 p.m. on June 8 of each year; and

(2) A local government that has been exempted from the requirement of filing its tentative budget pursuant to the provisions of NRS 354.475 and NAC 354.010 to 354.040, inclusive, must be submitted to the Department on or before 5 p.m. on April 15 of each year.

(c) If the local government is augmenting a budget pursuant to NRS 354.598005, the information concerning the budget augmentation that the governing body of the local government is authorized to file with the Department pursuant to that section. That information must be submitted to the Department within 30 days after the adjournment of the legislative session if the governing body files the information as authorized pursuant to subsection 6 or 7 of NRS 354.598005.

(d) ~~The~~ *Except for a school district, the* responses of the local government to the quarterly survey prescribed by the Committee concerning the economic conditions affecting the local government. The responses must be submitted to the Department not later than 45 days after the end of each quarter of a fiscal year.

(e) Except for a local government that has been exempted from the requirement of filing its audit reports pursuant to the provisions of NRS 354.475 and NAC 354.010 to 354.040, inclusive, the actual revenue and the actual expenditures for the fiscal year immediately preceding the fiscal year in which the information is submitted. The information relating to the actual revenue and actual expenditures must be submitted to the Department on or before January 1 of each year.

(f) If the local government has been exempted from the requirement of filing its audit reports pursuant to the provisions of NRS 354.475 and NAC 354.010 to 354.040, inclusive, the statement of revenues, expenditures and changes in fund balance that is required to be submitted to the Department pursuant to NAC 354.040. The statement must be submitted to the Department on or before January 1 of each year.

3. For the purpose of submitting the information required to be included in the fiscal report pursuant to paragraph (a), (b) or (e) of subsection 2, the governing body of a local government shall report information relating to:

(a) A special revenue fund, capital project fund or debt service fund of the local government separately from information relating to any other special revenue fund, capital project fund or debt service fund of the local government if any of the revenue in the special revenue fund, capital project fund or debt service fund was received from property taxes or the Local Government Tax Distribution Account;

(b) The expenditures or expenses of the local government by the governmental function to which the expenditure or expense was charged for the general fund of the local government and

for each special revenue fund, capital project fund, debt service fund and proprietary fund of the local government;

(c) The total expenditures or expenses of the local government charged against each fund listed in the fiscal report in at least the following categories:

- (1) Salaries and wages;
- (2) Benefits;
- (3) Services and supplies; and
- (4) Capital outlay; and

(d) Revenue in categories, including, without limitation, property taxes, other taxes, business licenses, other licenses and permits, Local Government Tax Distribution Account, intergovernmental resources, charges for services, and fines and forfeitures.

4. Upon receipt of a final budget, the Department shall forward a copy of the final budget to the Nevada Tax Commission.

**Sec. 3.** NAC 354.555, 354.566, 354.567, 354.569, 354.571, 354.573, 354.575 and 354.577 are hereby repealed.



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## TEXT OF REPEALED SECTIONS

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**354.555 Fulfillment of requirements of submitting tentative budget and transmitting final budget. (NRS 354.107, 354.594, 354.596, 354.598)** If the governing body of a local government submits a fiscal report of the local government to the Department pursuant to NRS 354.6015 and NAC 354.557 and 354.559, the local government shall be deemed to have fulfilled the requirement of:

1. Submitting a tentative budget to the Department pursuant to NRS 354.596; and
2. Transmitting a final budget to the Nevada Tax Commission pursuant to NRS 354.598.

**354.566 Definitions. (NRS 354.107, 354.594)** As used in NAC 354.566 to 354.577, inclusive, unless the context otherwise requires, the words and terms defined in NAC 354.567 and 354.569 have the meanings ascribed to them in those sections.

**354.567 “Central assessment roll” defined. (NRS 354.107, 354.594)** “Central assessment roll” means the central assessment roll described in NRS 361.3205.

**354.569 “Property tax receipts” defined. (NRS 354.107, 354.594)** “Property tax receipts” means receipts from ad valorem property taxes, including, without limitation, any receipts from:

1. Taxes on real and personal property which are paid pursuant to NRS 361.483;

2. Deferred taxes on real property previously held for agricultural or open-space use which are assessed pursuant to NRS 361A.280;

3. Taxes on any property that is not on the secured tax roll which are assessed pursuant to NRS 361.505, 361.767, 361.769 or 361.770;

4. Taxes on any property that is valued by the Nevada Tax Commission pursuant to NRS 361.320 which are collected pursuant to NRS 361.3205; and

5. Taxes on the net proceeds of minerals which are appropriated to a county pursuant to NRS 362.170,

↪ except that the term does not include any franchise fees, payments for oil or gas leases, fees for hunting or fishing, or payments by the Federal Government in lieu of taxes.

**354.571 Preliminary summary reports: Filing by tax receiver in each county. (NRS 354.107, 354.594)** On or before August 1 of each fiscal year, the tax receiver of each county shall file with the Department, the Department of Education and the county school district a preliminary summary report of the total amount of property tax receipts for the immediately preceding fiscal year that were received by the county before July 1 of the current fiscal year. Except as otherwise provided in NAC 354.577, the report must not duplicate any amounts previously reported pursuant to NAC 354.566 to 354.577, inclusive, during the immediately preceding fiscal year.

**354.573 Preliminary summary reports: Contents. (NRS 354.107, 354.594)** The preliminary summary report required by NAC 354.571 must include:

1. The total amount of the property tax receipts of the county classified by type, including:

(a) The total amount of taxes collected for the immediately preceding fiscal year attributable to property on the secured tax roll;

(b) The total amount of taxes collected for the immediately preceding fiscal year attributable to property on the unsecured tax roll;

(c) The total amount of taxes collected for the immediately preceding fiscal year attributable to property on the central assessment roll;

(d) The total amount of taxes on the net proceeds of minerals collected for the immediately preceding calendar year which was distributed to the county pursuant to NRS 362.170;

(e) The total amount of taxes on the net proceeds of minerals collected for the current calendar year which was distributed to the county pursuant to NRS 362.170;

(f) The total amount collected for delinquent taxes attributable to all the fiscal years ending on or before June 30, 2005;

(g) The total amount collected for delinquent taxes attributable to all the fiscal years beginning on or after July 1, 2005, and before the commencement of the current fiscal year;

(h) The total of all the amounts described in paragraphs (a) to (g), inclusive;

(i) The total amount of the pertinent commission paid into the county treasury pursuant to NRS 361.530; and

(j) The result obtained by subtracting the sum described in paragraph (i) from the sum described in paragraph (h).

2. The portions of the property tax receipts of the county distributed for the operation of public schools, using a tax rate of 75 cents on each \$100 of assessed valuation of taxable property, including:

(a) The portion of the total amount of taxes collected for the immediately preceding fiscal year attributable to property on the secured tax roll which was distributed to the county school district;

(b) The portion of the total amount of taxes collected for the immediately preceding fiscal year attributable to property on the unsecured tax roll which was distributed to the county school district;

(c) The portion of the total amount of taxes collected for the immediately preceding fiscal year attributable to property on the central assessment roll which was distributed to the county school district;

(d) The portion of the total amount of taxes on the net proceeds of minerals distributed to the county during the immediately preceding fiscal year pursuant to NRS 362.170 which is available to the county school district for use in the current fiscal year pursuant to subsection 2 of NRS 387.195;

(e) The portion of the total amount of taxes on the net proceeds of minerals collected for the immediately preceding calendar year which was distributed to the county pursuant to NRS 362.170 and subsequently distributed to the county school district;

(f) The portion of the total amount of taxes on the net proceeds of minerals collected for the current calendar year which was distributed to the county pursuant to NRS 362.170 and subsequently distributed to the county school district;

(g) The portion of the total amount collected for delinquent taxes attributable to all the fiscal years ending on or before June 30, 2005, which was distributed to the county school district;

(h) The portion of the total amount collected for delinquent taxes attributable to all the fiscal years beginning on or after July 1, 2005, and before the commencement of the current fiscal year which was distributed to the county school district;

(i) The total of all the amounts described in paragraphs (a) to (h), inclusive;

(j) The total amount of the pertinent commission paid into the county treasury pursuant to NRS 361.530; and

(k) The result obtained by subtracting the sum described in paragraph (j) from the sum described in paragraph (i).

**354.575 Report by county school district of corresponding receipts and deductions; reconciliation of differences between reports. (NRS 354.107, 354.594)**

1. On or before August 10 of each fiscal year, a county school district shall provide to the Department, the Department of Education and the tax receiver of the county a report of all the receipts and deductions of the county school district for the immediately preceding fiscal year which pertain to the amounts included in the preliminary summary report filed pursuant to NAC 354.571. If the total amounts reported by the county school district pursuant to this subsection differ from the corresponding amounts included in the preliminary summary report by more than 3 percent in any category, representatives of the school district and the tax receiver must jointly determine the reasons for that difference.

2. On or before August 15 of each fiscal year, the tax receiver of each county shall:

(a) Make any adjustments necessary to reconcile the amounts contained in the preliminary summary report filed pursuant to NAC 354.571 for the immediately preceding fiscal year with the amounts contained in the report filed by the county school district pursuant to subsection 1;

(b) Include in the preliminary summary report an explanation of the reasons for any differences of greater than 3 percent determined pursuant to subsection 1; and

(c) Submit a copy of the preliminary summary report, as revised pursuant to this subsection, to the Department, the Department of Education and the county school district.

**354.577 Final summary reports: Filing by tax receiver in each county; contents. (NRS 354.107, 354.594)**

1. On or before September 10 of each fiscal year, the tax receiver of each county shall file with the Department, the Department of Education and the county school district a final summary report of the total amount of property tax receipts for the immediately preceding fiscal year that were received by the county. The final summary report must include the information described in NAC 354.573 and the total amount of any property tax receipts for the immediately preceding fiscal year that were received by the county during July and August of the current fiscal year.

2. The amounts reported pursuant to this section must not be duplicated in any preliminary summary report filed pursuant to NAC 354.571 during any subsequent fiscal year, except that the total amount of any property tax receipts for the immediately preceding fiscal year that were received by the county during July and August of the current fiscal year must be included in and accounted for in the preliminary summary report filed during the next fiscal year.

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS - NRS 233B.066**  
**Informational Statement**  
**LCB File No. R034-24**

**1. A clear and concise explanation of the need for the adopted regulation.**

LCB File No. R034-24, increases the limit on the amount of annual total expenditures for a special district to be eligible to petition for an exemption from certain requirements of the Local Government Budget and Finance Act; revises the documentation which a school district is required to include in its fiscal report; repeals certain regulations relating to fiscal reporting by local governments; and provides other matters properly relating thereto.

The Local Government Budget and Finance Act sets forth various requirements, procedures and limitations relating to the financial administration of local governments. Local governments subject to the Act are required under existing law to file certain budget documents and audit reports with the Department of Taxation.

This Regulation is necessary to update the filing requirements of local governments consistent with statutory requirements, government budget practices and legislative changes since these regulations were originally enacted.

**2. Description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.**

The Department of Taxation, as staff to the Committee on Local Government Finance, solicited comment from the public by sending notice of workshops and hearings for public meetings to provide public comment by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/Hearing</u>	<u>Date of Workshop/Hearing</u>	<u>Number Notified</u>
7/22/24	Workshop	8/7/24	37
8/16/24	Adoption Hearing	9/18/24	37

The mailing list included the interested parties list maintained by the Department. Notices were also posted at the Nevada State Library, Legislative Counsel Bureau, the Department's website and various Department of Taxation locations throughout the State. Comments were also solicited by direct email.

**Summary of public responses from Workshop:**

None

**Summary of Public Comment at Adoption Hearing:**

None.

A copy of the recorded comments, the record of proceedings, and/or the Small Business Impact Statement may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2<sup>nd</sup> Floor, Carson City, Nevada 89706, or by e-mailing the Department at [sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us).

- 3. The number of persons (not including Department staff or Commission Members) who:**
- (a) Attended each hearing:**
  - (b) Testified at each hearing:**
  - (c) Submitted written comments:**

Workshop date: August 7, 2024

- (a) Number in attendance: 4
- (b) Number testifying: 0
- (c) Written statements submitted: 0

Adoption Hearing date: September 18, 2024

- (a) Number in attendance: 3
- (b) Number testifying: 0
- (c) Written statements submitted: 0

- 4. For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:**

**Testified at Workshop:** Not Applicable

**Testified at Adoption Hearing:** Not Applicable

**Provided written public comment for Adoption Hearing:** Not Applicable

- 5. A description of how comment was solicited from affected businesses, a summary of their response and an explanation of how other interested persons may obtain a copy of the summary.**

The Department of Taxation concluded that small businesses will not be affected by the proposed LCB File No. R034-24, considering its nature and content relates to the budgetary requirements and documentation for Local Governments. The Department and Committee nevertheless held public workshops and a hearing to ascertain whether there would be any impact on businesses.

See same response as Section 2 for summary of responses – None.



A copy of the written and recorded comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2<sup>nd</sup> Floor, Carson City, Nevada 89706, or by e-mailing the Department at [sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us).

6. **If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The Committee on Local Government Finance adopted the regulation with no changes made to the proposed regulation. With no public concern regarding the proposed language and the recommendation of the Department of Taxation, the proposed regulation reflected the intent of the Committee for adoption with no changes.

7. **The estimated economic effect of the regulation on the business which it is to regulate and on the public. This must include adverse, beneficial, immediate and long-term effects.**

(a) **Estimated economic effect on the businesses which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse beneficial, short-term or long-term economic effects on businesses.

(b) **Estimated economic effect on the public which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse, beneficial, short-term or long-term economic effects to the public.

8. **The estimated cost to the agency for enforcement of the proposed regulation:**

Enforcement of the adopted regulation presents no significant foreseeable or anticipated cost or decrease in costs.

9. **A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

The adopted permanent regulation does not overlap or duplicate any regulation of other state or local governmental entities.

10. **If the regulation includes provisions that are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.**

The Department is not aware of any similar federal regulations of the same activity in which the state regulations are more stringent.

- 11. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The adopted permanent regulation does not include new fees or increase an existing fee.