Financing Local Government Tool Kit Workshop

Speaker Biographies and Presentation Materials

Friday, August 4, 2017

Washoe County Administrative Complex
Caucus Room, Building A
1001 E. Ninth Street
Reno, NV  89512

University Center for Economic Development – Nevada Leadership Program
http://www.unr.edu/business/research-and-outreach/nevada-leadership
The University of Nevada, Reno, the University of Nevada, Reno College of Business, and the University Center for Economic Development would like to thank the Nevada Chapter of the American Planning Association for their generous support of this leadership development program and the Nevada Leadership Program.

For more information about the Nevada Chapter of the American Planning Association, including information about how to join, please visit their website:

http://www.nvapa.org/
Speaker Biographies

Frederick Steinmann, DPPD

Frederick Steinmann currently works for the University of Nevada, Reno and the University Center for Economic Development. He began his professional economic development career with the Reno Redevelopment Agency in the City of Reno, Nevada. Since then, he has worked for the Nevada Small Business Development Center, Bureau of Business and Economic Research, and for the Carson Economic Development Services Department in the City of Carson, California. Frederick has also worked as a Senior Associate for David Paul Rosen & Associates, one of the elite economic development and public policy consulting firms in California. Frederick earned his Doctorate in Policy, Planning, and Development, with areas of study including economic development, public policy, public finance, and real estate development, from the University of Southern California with the successful defense of his dissertation titled, “The Twilight of the Local Redevelopment Era: The Past, Present, and Future of Urban Revitalization and Urban Economic Development in Nevada and California.” He also earned a Bachelor’s of Science and Masters of Science in Economics from the University of Nevada, Reno.
Presentation Materials
Welcome!
Nevada Leadership Program
Financing Local Government Tool Kit Workshop
August 4, 2017

Objectives
The Nevada Leadership Program:

– Main Objective: To create a pool of qualified officials as the difficulty of challenges in Nevada grow; officials who understand the ins-and-outs of government Management and Administration.

– Secondary Objective: To reduce conflict between staff and elected/appointed officials over procedural matters pertaining to government Management and Administration.

Objectives
The Financial Local Government Tool Kit Workshop:

– To teach policy makers, government administrators, developers and citizens how development, in general, is impacted by the local community’s planning process.

– To demonstrate to policy makers, government administrators, and the public how different funding techniques work.

– To demonstrate the usefulness of public-private partnerships in land use decision making and the real estate development process.
The Agenda

An exploration of thoughts and skills associated with financing local government activities related to the real estate development process:

1. The Public-Private Partnership Approach
2. Various Funding Approaches: Redevelopment, General Improvement Districts, Special Assessment Districts, Tax Increment Areas, Local Improvement Districts, Tourism Improvement Districts, Private Activity Bonds

Nevada Leadership Program
Financing Local Government Tool Kit Workshop

August 4, 2017
The Role of the Public Sector

“Public sector financing exists to bridge capital gaps in the private sector financing market. For many borrowers, the cost of capital is not nearly as critical as access to capital. Public sector solutions are meant to leverage private lenders and investors to ensure that access to capital is extended to entities that are credit-worthy, but are not considered good risks in traditional commercial terms.”

- Economic Development Credit Analysis and Finance
  International Economic Development Council

Public Sector Goals for the Public-Private Partnership:

- To invest in ventures or projects where the economic and social benefits outweigh the risk of financing.
- Job Creation, Neighborhood Development, Development of new Tax Revenue Increases.
- Avoid supplanting private sector financing…goal is to not offer financial services to clients that have access to, and qualify for, conventional financing in amounts adequate for their need.
“There are various public sector tools to help lower the cost of borrowing, minimize the risk of private investment by covering a part of that risk, or provide investments not offered in the private marketplace (i.e. with Redevelopment, General Improvement Districts, Special Assessment Districts, and Tax Increment Areas). All of these approaches can be targeted to specific localities, populations, or activities to achieve economic development goals.”

- Economic Development Credit Analysis and Finance
  International Economic Development Council

The Role of the Public Sector

Two Roles:

- As Regulator

- As Facilitator and Initiator

The Public Sector as Regulator

- Majority of Development Regulations handled by cities, counties, and other local government agencies:
  - Planning and Zoning Departments
  - Public Works Departments
  - Building Inspectors and Fire Marshals

- Main Regulatory Tools Include:
  - Comprehensive Plans
  - Zoning Ordinances
  - Subdivision Regulations
  - Site Plan Reviews
  - Building Permits
  - Various Policy Initiatives – Economic Development, etc.
  - Growth Management and Environmental Protection Standards
### The Public Sector as Facilitator and Initiator

**Local Government Economic Development Organizations (EDO’s):**

- **Local Government:** central initiator of economic development programs through public spending, regulatory powers, and promotion of policy objectives such as downtown housing and brownfields redevelopment.

- **Private Nonprofit EDO’s:** broad missions, controlled by a private or public-private board...have more autonomy than local government EDO’s but still need government approval for project development and initiation.

- **Redevelopment Agencies and Authorities:** program-specific EDO’s, typically involved in activities related to improving a specific area and eliminating/mitigating the impact of physical and socio-economic blight.

### The Public Sector as Facilitator and Initiator

**Local Government Economic Development Organizations (EDO’s):**

- **Special Improvement Districts:** limited geographic area designated to receive a range of enhance services to improve the local neighborhood and/or business climate...special tax districts, public investment district, single purpose districts.

- **Special Assessment Districts:** separate units of government that manage specific resources within defined boundaries...ability to raise a predictable stream of money such as taxes, user fees, or bonded revenue.

- **Community Development Corporations:** usually for-profit or non-profit organization that focus on the development or revitalization of a declining community or neighborhood.

### The Public Sector as Facilitator and Initiator

As a **Facilitator**...usually the developer takes the lead role but the public sector EDO might want to take a facilitating when:

- Responding to a specific developer initiative.

- Encouraging the private sector to identify and initiate projects.

- Encouraging development by reducing the risks associated with initiating development.

- Focusing redevelopment on an area rather than a specific site.
The Public Sector as Facilitator and Initiator

As a **Facilitator**...specific Activities:

- Facilitating regulatory approvals.
- Providing partial financing.
- Providing infrastructure.
- Improving streetscaping.
- Implementing a façade improvement program.
- Becoming a tenant in the project.

As an **Initiator**...specific conditions that should exist to justify government initiation:

- A strong need to develop a specific property or area that currently presents a direct, measurable and clear threat to public health and human safety.
- Political will exists and is strong enough to withstand the risks of development.
- An agency already exists or could be 'easily' created with the required and necessary expertise and the resources to develop the property and/or site.

As an **Initiator**...specific Activities:

- Conducting feasibility analysis and conceptual designs.
- Obtaining regulatory approval or working with regulatory agencies to gain approval.
- Initiating the public participation process.
- Issuing and initiating the Request for Proposal (RFP) or Request for Qualifications (RFQ) process.
- Selecting a developer (master-developer).
- Providing partial funding and financing.
- Selling or leasing land.
- Providing project-specific infrastructure improvements.
The Public-Private Partnership

"Increasingly, EDO’s and private developers must act jointly in order to make a project happen. The increasing popularity of Public-Private Partnerships (PPP) is likely to grow over the next ten years. Often times, an EDO can sponsor a PPP in conjunction with local government partners and the development community."

- Real Estate Development and Reuse
International Economic Development Council

The Public-Private Partnership

Elements of the Public-Private Partnership:

- No ‘single formula’ or organizational chart for a Public-Private Partnership.
- EDO typically takes on the role of predevelopment steward...assisting with securing financial commitments and subsidies and assisting with the entitlement process.
- The private sector (developer) takes on the role of development expert and investor...taking on moderate levels of risk.
- Public-Private Partnerships involve ‘creative’ financing and financial support techniques.
- Designed to problem solve difficult development issues...financing, environmental issues, abatements, relocation, acquisition, demolition, infrastructure, etc.

Nevada Leadership Program
Financing Local Government Tool Kit Workshop
August 4, 2017
Funding Economic Development – Some Approaches

- Redevelopment (NRS 279)
- General Improvement Districts (NRS 318)
- Special Assessment Districts (NRS 271)
- Tax Increment Areas (NRS 278C)
- Local Improvement Districts (NRS 309)
- Tourism Improvement Districts, STAR Bonds (NRS 271A)
- Private Activity Bonds (NRS 348A)

Redevelopment and Tax Increment Financing
Nevada Revised Statute Chapter 279
Redevelopment: Process and Benefits

- Process – Governed under Nevada Revised Statutes, Chapter 279, “Redevelopment of Communities” Law.
- Benefits – County-wide benefits for citizens, local taxing entities and the community at large.

Redevelopment: Process Outlined in NRS 279

Specifically, get to know:
- NRS 279.388 “Blight Area” Defined
- NRS 279.408 “Redevelopment” Defined
- NRS 279.410 “Redevelopment Area” Defined
- NRS 279.412 “Redevelopment Project” Defined
- NRS 279.426 through NRS 279.468 “Creation Process”
- NRS 279.516 through NRS 279.609 “Plans”

Redevelopment: Process

Areas of “Process” include:
- Formation of a Redevelopment District.
- Governance.
- Duration of Existence.
- Areas Eligible for Inclusion.
Redevelopment: Process

“General” Steps in the Process:

– Step 1: City Council/County Commission establishes a study area.
– Step 2: Hiring of a Consultant to prepare the required documents and conduct a Physical Property Survey of the Study Area.
– Step 5: Two Public Hearings, 30 days apart with notifications mailed to impacted property owners 30 days prior to both Public Hearings.
– Step 6: The Enabling Redevelopment Plan is adopted via City/County ordinance, mandatory “Challenge Period”.

Redevelopment: Post-Process

After the Redevelopment District is established, then:

– Develop the Physical Structure of the Agency based on findings in the Redevelopment Plan.
– Begin to develop strategic action plans for the District.
– Begin to pursue projects in the District.
– Begin to issue debt, collect revenue, incur expenses, hire staff, etc.

Benefits of Redevelopment

Redevelopment funds can be leveraged in numerous ways:

– Matching Funds for grant sources – EPA grants, HUD grants, DOT grants, etc.
– Pursuit of Special Assessment District (SAD) Bonds.
– Pursuit of Redevelopment Property Tax Increment Financing (TIF) Bonds.

The Findings of the Redevelopment Plan can serve as the foundation for pursuing these other funding sources.
Redevelopment Programs

- Acquisition, Assembly, and Demolition of Property
- Partnerships with other Economic Development Organizations – Leveraging of Existing Resources
- Brownfield Clean-up Revolving Loan Fund
- Commercial Façade Program
- Revolving Loan Programs for Small Business within the Project Area

Tax Increment Financing (TIF) - Redevelopment

- The Bigger the project area/district, the Bigger the Bonding Potential.
- Benefits of a Larger District for purposes of bonding include:
  - Geographic and Taxpayer Diversity.
  - Broader mix of Property Types.
  - Diversity in Economic Conditions.
  - More Development Potential.
  - Larger pool of Potential Revenues.
  - Ability to bond sooner.
  - Economies of Scale.
Tax Increment Financing: Bond Financing Criteria

“Average Financial Industry Criteria” include:

– Taxpayer Diversity
  Residential, Commercial, etc.
  Concentration of Revenue
  Stability of Tax Base

– Local Economy
  Employment Base

– Legal Structure
  Debt Service Coverage
  Flow of Funds
  Additional Bonds Test

General Improvement Districts
Nevada Revised Statute Chapter 318

What is a General Improvement District?

"It is hereby declared as a matter of legislative determination that the organization of districts having the purposes, powers, rights, privileges and immunities provided in this chapter will serve a public use and will promote the health, safety, prosperity, security and general welfare of the inhabitants thereof and of the State of Nevada; that the acquisition, improvement, maintenance and operation of any project authorized in this chapter is in the public interest and constitutes a part of the established and permanent policy of the State of Nevada; and that each district organized pursuant to the provisions of this chapter shall be a body corporate and politic and a quasi-municipal corporation. For the accomplishment of these purposes the provisions of this chapter shall be broadly construed."

- NRS Chapter 318.015 Subsection 1
### State-Wide Use

**Number and Total Value of Local General Improvement Districts Active in Nevada**

<table>
<thead>
<tr>
<th>County</th>
<th>Number of Active GIDs FY 2013</th>
<th>Total Value of Active GIDs FY 2012</th>
<th>Total Value of Active GIDs FY 2013</th>
<th>Actual Change FY 2012 to FY 2013</th>
<th>Percent Change FY 2012 to FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carson City</td>
<td>0</td>
<td>$15,150,912</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Churchill County</td>
<td>3</td>
<td>$813,230,612</td>
<td>$726,286,173</td>
<td>-$79,944,439</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Douglas County</td>
<td>21</td>
<td>$10,116,206,542</td>
<td>$6,621,801,447</td>
<td>-$3,494,305,095</td>
<td>-34.6%</td>
</tr>
<tr>
<td>Erie County</td>
<td>5</td>
<td>$846,171,709</td>
<td>$576,677,149</td>
<td>-$269,494,560</td>
<td>-31.7%</td>
</tr>
<tr>
<td>Fernley County</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Harris County</td>
<td>10</td>
<td>$28,294,249</td>
<td>$25,839,821</td>
<td>-$2,454,428</td>
<td>-8.7%</td>
</tr>
<tr>
<td>Las Vegas County</td>
<td>2</td>
<td>$3,585,278</td>
<td>$3,553,410</td>
<td>-$31,868</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Lincoln County</td>
<td>6</td>
<td>$40,185,465</td>
<td>$31,034,181</td>
<td>-$9,151,284</td>
<td>-22.8%</td>
</tr>
<tr>
<td>Lyon County</td>
<td>8</td>
<td>$1,509,607,657</td>
<td>$1,501,072,296</td>
<td>-$8,535,361</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Mineral County</td>
<td>2</td>
<td>$184,274,443</td>
<td>$187,806,450</td>
<td>$3,532,007</td>
<td>1.9%</td>
</tr>
<tr>
<td>Nye County</td>
<td>4</td>
<td>$1,450,830,963</td>
<td>$2,014,994,554</td>
<td>$564,163,591</td>
<td>38.9%</td>
</tr>
<tr>
<td>Pershing County</td>
<td>3</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Storey County</td>
<td>3</td>
<td>$290,542,563</td>
<td>$253,728,991</td>
<td>-$36,813,572</td>
<td>-12.7%</td>
</tr>
<tr>
<td>Washoe County</td>
<td>7</td>
<td>$2,702,743,653</td>
<td>$2,478,209,896</td>
<td>$224,533,757</td>
<td>8.3%</td>
</tr>
<tr>
<td>White Pine County</td>
<td>3</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>84</td>
<td>$20,074,321,495</td>
<td>$46,742,883,655</td>
<td>$26,668,562,160</td>
<td>132.8%</td>
</tr>
</tbody>
</table>

*Source: Nevada Department of Taxation, Division of Local Government Services*

---

### General Improvement Districts: Creation and Use

**Step 1, Initiation (NRS 318.055)**

- A resolution adopted by the local governing body, a board of county commissioners or local city council, authorizing staff to study the feasibility of forming a GID; or
- A petition proposed by any owner of property to be located in the proposed GID and received by the local governing body.

---

### General Improvement Districts: Creation and Use

**Step 2, Formal Adoption of a Resolution or Petition; an "Initiating Ordinance" (NRS 318.055)**

- The name of the proposed district, consisting of a chosen name preceding the word "District", or, if the district is authorized to exercise more than one basic power enumerated in NRS 318.116, the words "General Improvement District". For example, a GID established to only furnish streets and alleys in downtown Reno might be named the "Downtown Reno Streets and Alleys District".
- A statement within the initiating ordinance of the basic power or basic powers for which the district is proposed to be created. For example, for a GID formed to provide for paved streets, for curbs, gutters, sidewalks, storm drainage and sanitary sewer improvements, the statement might read, "For paving, curbs, gutters, sidewalks, storm drainage and sanitary sewer improvements within the district."
  Only those basic powers listed in NRS 318.116 may appear in the basic power or basic powers statement of the initiating ordinance.
**General Improvement Districts: Creation and Use**

Step 2, Formal Adoption of a Resolution or Petition; an “Initiating Ordinance” (NRS 318.055)

- A statement within the initiating ordinance that the ordinance creating the district will be based on the local governing boards findings that: (1) the public convenience and necessity require the creation of the district, (2) the creation of the district is economically sound and feasible, (3) the service plan for the district conforms to subsection 1 of NRS 308.030 (filing of a service plan), and (4) the service plan for the district does not contravene any of the criteria enumerated in Subsection 1 of NRS 308.060 (criteria for disapproval of a service plan).

- A general description of the proposed GID’s boundaries or the territory to be included therein, with such certainty as to enable a property owner to determine whether his or her property is within the district.

- The place and time for the hearing on the creation of the district held by the local governing body.

---

**Twenty-One Authorized Powers and Activities**

- Furnishing electric light and power (NRS 318.117).
- Extermination and abatement of mosquitoes, flies, other insects, rats and liver fluke (NRS 318.118).
- Furnishing facilities or services for public cemeteries (NRS 318.119).
- Furnishing facilities for swimming pools (NRS 318.1191).
- Furnishing facilities for television (NRS 318.1192).
- Furnishing facilities for FM radio (NRS 318.1197).
- Furnishing streets and alleys (NRS 318.120).
- Furnishing curbs, gutters and sidewalks (NRS 318.125).
- Furnishing sidewalks (NRS 318.130).
- Furnishing facilities for storm drainage or flood control (NRS 318.135).
- Furnishing sanitary facilities for sewage (NRS 318.140).
- Furnishing facilities for lighting streets (NRS 318.141).
- Furnishing facilities for the collection and disposal of garbage and refuse (NRS 318.142).
- Furnishing recreational facilities (NRS 318.143).
- Furnishing facilities for water (NRS 318.144).
- Furnishing fencing (NRS 318.1195).
- Furnishing facilities for protection from fire (NRS 318.1187).
- Furnishing energy for space heating (NRS 318.1175).
- Furnishing emergency medical services (NRS 318.1185).
- Control and eradication of noxious weeds (NRS 318.190).
- Establishing, controlling, managing and operating an area or zone for the preservation of one or more species or subspecies of wildlife that has been declared endangered or threatened pursuant to the federal Endangered Species Act of 1995 (NRS 318.1177).

---

**General Improvement Districts: Powers and Activities**

- NRS 318.225 provides the local governing authority responsible for the GID the power to levy taxes. "In addition to the other means for providing revenue for such districts, the board shall have power and authority to levy and collect general (ad valorem) taxes on and against all taxable property within the district, such levy and collection to be made by the board in conjunction with the county and its officers as set forth in this chapter."

- "Other means" refers to the general powers of the local governing authority to acquire and sell property, to set rates, to charge tolls, and to generally charge for services rendered to property owners in the GID by the local governing authority.

- GID may also use the rates, tolls, charges for services or collected general (ad valorem) taxes to issue debt to fund and finance the costs associated with all or one of the 21 basic powers enumerated in NRS 318.116 and listed above.
Special Assessment Districts
Nevada Revised Statute Chapter 271

Special Assessment Districts: Process

Four “General Steps”:
1. Local Government must designate an area for consideration. City/County Engineer may serve as the “Assessment District Coordinator.” (Provisional Order Resolution).
2. City/County Engineer must complete a “Fiscal and Economic Impact Study.”
3. Local Government, during a public hearing, reads an ordinance establishing the Special Assessment District.
4. Generate annual budget(s) for the duration of the Special Assessment District.

Special Assessment Districts: Post-Process

- Year-by-Year Assessments (subsequently impacted by annual property value fluctuations).
- Assessment is ABOVE the existing property tax rate. Revenue can ONLY be generated from revenues generated from an ADDITIONAL ASSESSMENT.
- Local Government can dissolve the Special Assessment District at any time.
- So far, has been property tax based . . . however, efforts are currently underway to allow a Special Assessment District based on Sales Tax Revenue within the Special Assessment District area.
### Special Assessment Districts: Post-Process

- Special Assessment Districts can be managed and directed by the Local Government (City or County).
- Special Assessment Districts can be managed and directed by a non-profit formed by property owners and/or business owners (the **Commercial Area Vitalization Project Area** or CAVP).
- Annual reports must be provided to the Local Government and annual assessments are completed by the County Assessor.

### Special Assessment Districts – Eligible Projects

- Curb and gutter projects, drainage projects, energy-efficiency improvement project, off-street parking project, a park project, public safety project, renewable energy project, sanitary sewer project, security walls, sidewalks, storm sewer projects, street projects, street-beautification projects, transportation projects, underpass projects, water project, or any combination of these projects.
- Electric or telephone project or combination thereof.
- Underground conversion project (overhead electrical, telephone, cable lines).
- In municipalities in a county whose population is less than 700,000, acquire, improve, equip, operate and maintain an art project or a tourism and entertainment project.

### SAD and CAVP – Eligible Projects

"Commercial Area Vitalization Project” includes:

1. The beautification and improvement of the public portions of any area zoned primarily for business or commercial purposes, including, without limitation:
   a. Public restrooms; 
   b. Facilities for outdoor lighting and heating; 
   c. Decorations; 
   d. Fountains; 
   e. Landscaping; 
   f. Facilities or equipment, or both, to enhance protection of persons and property within the improvement district; 
   g. Ramps, sidewalks and plazas; and 
   h. Rehabilitation or removal of existing structures; and
2. The improvement of an area zoned primarily for business or commercial purposes by providing promotion activities."
SAD and CAVP – Eligible Programs

- Acquisition, Assembly, and Demolition of Property
- Partnerships with other Economic Development Organizations – Leveraging of Existing Resources
- Brownfield Clean-up Revolving Loan Fund
- “Local Restaurant Guide” as an Example
- Print, Radio, Television Media Advertising

Special Assessment Districts: Benefits

- Funds can be bonded against.
- Funds can be spent annually as the CAVP “Assessment District Coordinator” determines.
- Funds can be used for general improvements, acquisition, demolition, rehabilitation and other property improvement programs.

Tax Increment Areas

Nevada Revised Statute Chapter 278C
Tax Increment Areas: Process

Five “General Steps”:

1. Local governing body, by resolution, shall direct the City/County Engineer to prepare: (a) a preliminary plan and preliminary estimate of the undertaking, (b) a statement of the proposed Tax Increment Area that should include the last finalized amount of the assessed valuation of taxable property in the proposed TIA, (c) a statement of the estimated amount of potential tax proceeds over the estimated duration of the TIA.

2. The resolution must describe the undertaking of the TIA in general terms: (a) what portion of the expense of the undertaking will be paid with the proceeds of securities, (b) how the remaining portion of the expense of the undertaking will be financed, (c) the basic security and any additional security for the payment of securities.

3. The resolution must designate the location of the Tax Increment Area.

4. The City/County Engineer must file with the clerk the preliminary plans, estimate of costs and statements.

5. Upon reviewing the preliminary plan, estimate of costs and statement, the local governing body shall by resolution provisionally order the creation of the Tax Increment Area.

Tax Increment Areas: Eligible Infrastructure Projects

For Counties (NRS 244A.027 – NRS 244A.056):

- Flood-Control Projects
- An Overpass Project
- A Sewerage Project
- A Street Project
- An Underpass Project
- A Water Project
Tax Increment Areas: Eligible Infrastructure Projects

For Cities (NRS 268.682 – NRS 268.728):

- Flood-Control Projects
- An Overpass Project
- A Sewerage Project
- A Street Project
- An Underpass Project
- A Water Project

Tax Increment Financing (TIF) – Tax Increment Areas

- Funds can be bonded against.
- Funds can only be used for infrastructure projects as deemed necessary by the City/County Engineer and as permitted in NRS Chapter 278C.
Local Improvement Districts
Nevada Revised Statute Chapter 309

\[ \text{NRS 309. 025: No districts may be organized under the provisions of this chapter after May 1, 1967.} \]

But…in the 2017 Nevada Legislative Session…SB 471 Committee on Government Affairs “…authorizes the creation and governs the management of a local improvement district for the construction of a power plant and the distribution of energy therefrom or the construction of a sewer system or the construction or acquisition of a water system.”

Section 1 of SB 471 2017:
– The “Special District Control Law” applies to any special district whose formation is initiated by a board of county commissioners and any petition for the formation of any proposed special district filed with an board of county commissioners.
– Any water district, sanitation district, water and sanitation district, municipal power district, mosquito abatement district, swimming pool district, television maintenance district, weed control district, general improvement district or any other quasi-municipal corporation excluding all housing authorities.
Local Improvement Districts

Prior to SB 471 2017, NRS 309:

– NRS 309.160: may at any time incur an indebtedness not exceeding in the aggregate the sum of $5,000, nor in any event to exceed $1 per acre, and may cause warrants of the district to issue therefor, bearing interest at a rate or rates which do not exceed by more than 3 percent the Index of Twenty Bonds which was most recently published before the bids are received or a negotiated offer is accepted, and the board may levy an assessment of not more than $1 per acre on all lands in the district for the payment of such expenses.

– NRS 309.160: the board may levy an assessment, annually, in the absence of assessments therefor under any of the other provisions of this chapter, of not more than 20 cents per acre on all lands in the district for the payment of the ordinary and current expenses of the district, including the salaries of officers and other incidental expenses. Such assessments must be collected as provided in this chapter for the collection of other assessments.

Local Improvement Districts

Prior to SB 471 2017, NRS 309.332, Types of Permissible Securities include:

– Short-term notes, warrants and interim debentures.
– General obligation bonds and other general obligation securities payable from general (ad valorem) property taxes.
– General obligation bonds and other general obligation securities payable from general (ad valorem) property taxes, the payment of which securities is additionally secured by a pledge and lien on net revenues.
– Revenue bonds and other securities constituting special obligations and payable from net revenues, but excluding the proceeds of any general (ad valorem) property taxes or other special assessments, which payment is secured by a pledge of and lien on such net revenues.
– Any combination of such securities.

Local Improvement Districts

SB 471 2017:

– Revises provisions governing the merger, consolidation or dissolution of certain general improvement districts.
– Repeals the Nevada Improvement District Act (which prohibited new districts under NRS 309 being created after May 1, 1967).
– Creates the Douglas County Lake Tahoe Sewer Authority and a new Board of Trustees.
– Abolishes the Douglas County Sewer Improvement District No. 1.
Local Improvement Districts

Section 30 of SB 471 2017, 18 Unique Powers:

1. Administer all activity and business related to the collection and treatment of sewage and wastewater in the service area and the transportation and disposal of sewage and wastewater both within and outside of the service area.

2. Fix, alter, charge and collect rates, rentals and other charges for the use of facilities controlled by the Authority...for the purpose of providing for the payment of the expenses of the Authority, the construction, improvement, repair, maintenance and operation of its facilities and properties, the payment of the principal of and interest on its obligations and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such obligations, and to make such rates, rentals and other charges a lien upon the property using such facilities, and provide for a method of enforcing collection of such rates, rentals and other charges.

3. Borrow money, make and issue negotiable notes, bonds and other evidences of indebtedness or obligations of the Authority.

4. To acquire, purchase, hold, lease as lessee and use any franchise, property, real, personal or mixed, tangible or intangible, or any interest therein, within or without the boundaries of the service area, necessary or desirable for carrying out the purposes of the Authority, and to sell, lease as lessor, transfer and dispose of any property or interest therein, at any time acquired by it.

5. Acquire by purchase, lease or otherwise, and to construct, improve, maintain, repair and operate projects within or without the service area.

6. Pledge, hypothecate or otherwise encumber all or any of the revenues or receipts of the Authority as security for all or any of its obligations.

7. Contract with public entities, including, without limitation, a general improvement district organized under NRS Chapter 318 (General Improvement Districts).

8. Install and maintain sewer and effluent pipelines, together with all related or necessary improvements along, under or upon public highways, roads, streets and alleys, and to build and erect sewage treatment or disposal facilities and improvements, either within or without the service area, and to compel all property owners within the service area to connect their sewer systems with such system or sewers of the Authority.
Local Improvement Districts

Section 30 of SB 471 2017, 18 Unique Powers:

9. Acquire by eminent domain proceedings, either the fee or such right, title, interest or easement in such lands and premises, within the service area, as the Authority may deem necessary for any of the purposes mentioned in this act.

10. Make bylaws for the management and regulation of its affairs.

11. Employ or contract with such persons as it deems necessary and hire and retain officers, agents and employees, including, without limitation, fiscal advisors, engineers, attorneys or other professional or specialized personnel.

12. Seek, apply for and otherwise solicit and receive from any source, public or private, such contributions, gifts, grants, devises and bequests of money and personal property, or any combination thereof, as the Authority determines is necessary or convenient for the exercise of any of its powers.

13. Participate with relevant agencies of the United States, the State of Nevada and other entities on issues concerning the disposal of wastewater and sewage.

14. Make and enforce all necessary and proper regulations for the collection of sewage, and to make all other sanitary regulations in connection therewith.

15. Sue and be sued, implead and be impleaded, complain and defend in all courts.

16. Adopt, use and alter at will a corporate seal.

17. Except as otherwise provided in section 33.5 of this act, merge or consolidate with a general improvement district organized under chapter 318 of NRS.

18. Perform such other functions conferred on the Authority by the provisions of this act.

Tourism Improvement Districts

(STAR Bonds)

Nevada Revised Statute Chapter 271A
Tourism Improvement Districts

“Whereas, The State Legislature recognizes the importance of economic development and tourism to the State of Nevada and the need to compete effectively with other states in the promotion of economic development and tourism; and

Whereas, It is the intention of the State Legislature for the provisions of this act to be carried out for the promotion of economic development and tourism in the State of Nevada and for no other purpose.”

- Preamble to Nevada SB 306 2005

Tourism Improvement Districts – Creation and Formation

NRS Chapter 271A.080:

- The governing body has determined that no retailers will have maintained or will be maintaining a fixed place of business within the TID on or within 120 days preceding the date of the TID’s creation. If the boundaries of the TID are amended to add additional area, the governing body must determine that no retailers will have maintained or will be maintaining a fixed place of business within that additional area on or within 120 days preceding the adoption of the additional area.

- The governing body has made a written finding at a public hearing that the project (the new retailer(s)) will benefit the district (TID).

- The governing body has made a written finding, using independent consultants, at a public hearing as to whether the project and the financing of the project with pledged sales and use tax revenue will have a positive fiscal effect on the provision of the local government services.

Tourism Improvement Districts – Creation and Formation

NRS Chapter 271A.080:

- The governing body has provided to the board of trustees of the locally impacted school district, at least 45 days before making the written finding listed above, each analysis prepared by or for or presented to the governing board regarding the fiscal effect of the project and the use of the pledged sales-and-use tax revenues on the provision of local government services, including education.

- If the governing board is a municipality, the governing board must provide the impacted county government, through the board of county commissioners, with the same information provided to the impacted school district and listed above.

- The governing board has determined that as a result of the project, retailers will locate businesses within the TID and there will be a substantial increase in sales-and-use taxes remitted by businesses within the TID and that a preponderance of the increase in the sales-and-use taxes will be attributable to sales of retail goods and services to tourists who are not residents of Nevada.
Tourism Improvement Districts – Creation and Formation

NRS Chapter 271A.080:

- The Nevada Commission on Tourism has determined, at a public hearing, that a preponderance of the increase in sales-and-use tax revenues within the TID will be attributable to sales of retail goods and services to tourists who are not residents of Nevada.
- The Governor of the State of Nevada has determined that the project and the pledge of the sales-and-use tax revenues from the TID will contribute significantly to the economic development and tourism in Nevada.

Tourism Improvement Districts – Powers and Activities

Use of Anticipated Sales Tax Increment:

- Pledge up to 75 percent of the sales-and-use taxes generated from each of the following elements of the sales tax rate:
  - The State tax rate (2.0 percent)
  - The Local School Support Tax rate (2.25 percent)
  - The Basic and Supplemental City/County Relief Tax rate (2.25 percent)
- Use of these revenues to issue Sales Tax Anticipated Revenue (STAR) Bonds.
  - Reno – Cabela’s
  - Sparks - Legends

Tourism Improvement Districts – Powers and Activities

Other General Powers:

- Issue bonds or notes as special obligations to finance or refinance projects proposed or built to benefit the TID. All bonds and notes issued in benefit of the TID may be secured by a pledge of the sales-and-use tax revenues authorized in NRS 271A.070, by any revenue received by the governing body from any revenue-producing projects in the TID, or any combination thereof.
- Enter into an agreement with one or more governmental entities (federal, state, local, etc.) or other persons to reimburse that entity or person for the cost of acquiring, improving, or equipping any project, including the payment of reasonable interest and other financing costs incurred by the entity or person.
TID, STAR Bonds – Things to Think About

- No Redevelopment Project Area (RDA) and Tourism Improvement District (TID) overlay allowed.
- No displacement of existing retailers.
- Can’t be used to benefit existing retailers in the area.
- Must have “tourists” generating the preponderance of the new sales tax revenue.
- New Reporting Requirements to the State – 2009 Nevada State Legislative Session.

Private Activity Bonds
Nevada Revised Statute Chapter 348A

- Typically are tax-exempt bonds issued by a local government (county or municipality) for the purpose of providing financing for qualified projects.
- Proceeds of a Private Activity Bond can be used to finance private development.
- Grew in popularity as the result of the Federal Government’s cancelation of Federal Urban Renewal programs and projects.
- Have generally declined in popularity since the early 2000’s nationally.
- In Nevada, NRS Chapter 348A governs the creation, administration and use of Private Activity Bonds.
- In Nevada, local governments must seek approval for the use of Private Activity Bonds from the Nevada Department of Business and Industry, Office of Business Finance and Planning.
Private Activity Bonds

- **NRS 348A.020**: “Allocation” means the principal amount of private activity bonds which is reserved and assigned to state and local government agencies authorized by law to issue private activity bonds.
- **NRS 348A.080**: “Local population share” means: (1) for each incorporated city and Carson City, a percentage calculated for each calendar year by dividing the most recent state estimate of the population of the city by the most recent state estimate of the population of the State, (2) for each county, a percentage calculated for each calendar year by dividing the most recent state estimate of the population of the **unincorporated area** of the county by the most recent state estimate of the population of the State.
- **NRS 348A.100**: “Project” means any construction, planned expenditure, program or other activity intended to be financed by a private activity bond which is described in sufficient detail to determine eligibility for financing.
- **NRS 348A.160**: Determination of volume cap for local government. The local population share of a local government in this State will be used to determine the volume cap for that government (incorporated city or county) at the beginning of each calendar year.

Private Activity Bonds and the Nevada Department of Business and Industry, Four Unique Programs:

1. Industrial Revenue Development Bonds (IDRB’s): tax-exempt bonds used to finance development of industrial facilities, research and development facilities, commercial, civic and cultural enterprises, accredited institution and healthcare facilities.
2. Renewable Energy Bonds: tax-exempt bonds used to finance the development of renewable energy facilities.
3. Exportation of Goods Bonds: tax-exempt bonds used to finance the production of goods for export or the expansion of the production of goods for export.
4. Venture Capital Bonds: tax-exempt bonds used to provide an attractive opportunity for the investment of venture capital within the state of Nevada.

Nevada Leadership Program
Financing Local Government Tool Kit Workshop
August 4, 2017