



# Funding Economic Development in Nevada: General Improvement Districts

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This fact sheet is the fourth of five separate University of Nevada Cooperative Extension fact sheets exploring different local economic development funding tools in Nevada. This fourth fact sheet explores the related impact and legal aspects of the use of General Improvement Districts (GIDs) in the State of Nevada.

Nevada Revised Statutes (NRS) 318 “General Improvement Districts” contains the legal structure of GIDs and other related state regulations on the purpose, the

creation and the activities of local GIDs in Nevada.

## Current Use

Table 1 presents the total number of local GIDs and the combined level of total value in each county in Nevada according to the Nevada Department of Taxation (2012), Division of Local Government Services for FY 2012 and FY 2013.

Table 1 Number and Total Value of Local General Improvement Districts Active in Nevada FY 2012 and FY 2013					
County	Number of Active GIDs FY 2013	Total Value of Active GIDs FY 2012	Total Value of Active GIDs FY 2013	Actual Change FY 2012 to FY 2013	Percent Change FY 2012 to FY 2013
Carson City	0	-	-	-	-
Churchill County	1	\$813,230,612	\$733,286,173	-\$79,944,439	-9.8%
Clark County	5	\$488,965,143	\$31,038,001,700	\$30,549,036,557	6247.7%
Douglas County	21	\$10,116,206,542	\$6,612,901,447	-\$3,503,305,095	-34.6%
Elko County	5	\$998,961,729	\$978,507,149	-\$20,454,580	-2.0%
Esmeralda County	0	-	-	-	-
Eureka County	4	\$1,450,830,963	\$2,014,994,554	\$564,163,591	38.9%
Humboldt County	10	\$28,294,249	\$25,839,821	-\$2,454,428	-8.7%
Lander County	2	\$3,585,278	\$3,553,410	-\$31,868	-0.9%
Lincoln County	6	\$40,185,465	\$31,034,181	-\$9,151,284	-22.8%
Lyon County	8	\$1,509,607,657	\$1,501,072,296	-\$8,151,284	-0.6%
Mineral County	2	\$108,274,443	\$67,836,409	-\$40,438,034	-37.3%
Nye County	4	\$1,522,893,198	\$1,003,917,628	-\$518,975,570	-34.1%
Pershing County	3	N/A	N/A	N/A	N/A
Storey County	3	\$290,542,563	\$253,728,991	-\$36,813,572	-12.7%
Washoe County	7	\$2,702,743,653	\$2,478,209,896	-\$224,533,757	-8.3%
White Pine County	3	N/A	N/A	N/A	N/A
<b>TOTAL</b>	<b>84</b>	<b>\$20,074,321,495</b>	<b>\$46,742,883,655</b>	<b>\$26,668,562,160</b>	<b>132.8%</b>

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

For FY 2013, there are 84 total General Improvement Districts active throughout the State of Nevada with a combined total value of approximately \$46.7 billion. Between FY 2012 and FY 2013, the total combined assessed value of all GIDs statewide in Nevada grew by 132.8 percent, increasing from approximately \$20.1 billion in FY 2012 to \$46.7 billion in FY 2013, a net increase of approximately \$26.7 billion. However, almost all of this increase is due to a new GID in Clark County (Clark Co. Water Reclamation) created in FY 2013 with a total assessed value of approximately \$30.6 billion. Between FY 2012 and FY 2013, 11 of Nevada's 17 counties (including Carson City) saw declines in the combined total assessed value of all their GIDs.

Douglas County had 21 active GIDs with a combined total value of \$6.6 billion, Humboldt County had 10 active GIDs with a combined total value of \$25.8 million, and Lyon County had a total of eight active GIDs with a combined total value of \$1.5 billion. All but two counties, Carson City and Esmeralda County, had at least one active GID in FY 2012. Despite three active GIDs in both Pershing and White Pine counties, no assessed value data was available for either county in either FY 2012 or FY 2013.

### **Purpose**

NRS 318.015, Subsection 1, states, "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."

The primary purpose of the GID is to provide county and municipal governments in the State of Nevada with a financing tool flexible enough and capable enough to finance a variety of infrastructure projects designed to encourage private sector investment in property-based projects. The governing body responsible for the creation and administration of the GID may collect property tax revenues from the GID and issue debt for a wide range of projects ranging from the development and maintenance of cemeteries, swimming pools, streets, alleys, curbs, gutters and sidewalks to the furnishing of fencing, facilities needed for the protection from fire and the control and eradication of noxious weeds.

Although NRS 318.015, Subsection 2, clearly states, "It is hereby further declared that the provisions of this chapter are not intended to provide a method for financing the costs of developing private property", the powers granted to the local county or municipal government through the GID enable local governments to fund the necessary infrastructure that is needed to support and encourage the development of private property throughout the state.

### **Creation and Use**

NRS 318.055 lays out a relatively simple process for the formation of a GID.

First, the formation of a GID can be initiated by either:

- 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.

Second, after adoption of the resolution or receipt of the petition, the GID is formed through a formal adoption of an ordinance by the local governing body, designated in NRS 318.055 as the “initiating ordinance”. The initiating ordinance must contain the following elements:

- 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 paves 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.
- 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 her or his property is within the district.
- The place and time for the hearing on the creation of the district held by the local governing body.

For counties interested in creating a GID, and according to NRS 318.055, no initiating ordinance may be adopted by the board of county commissioners if the proposed GID includes any real property within 7 miles from the boundary of an incorporated city or unincorporated town unless one of these conditions exists:

- All members of the board of county commissioners unanimously vote for the organization of a district with boundaries that contravene the 7-mile limitation.
- A petition for annexation to or inclusion within the incorporated city or unincorporated town pursuant to law and the governing body thereof has refused to annex or include that property and has entered the fact of that refusal in its minutes.
- No part of the area within the proposed GID is eligible for inclusion in a petition for such an annexation.
- The governing body of the incorporated city or unincorporated town, by

resolution, consents to the formation of the district.

- That property is within 7 miles of an incorporated city or unincorporated town with a town advisory board or citizens' advisory council, but is not within 7 miles of an incorporated city or unincorporated town with a town board.

The proposed GID, except as otherwise provided in NRS 318, must be entirely within or entirely without, or partly within or partly without, one or more municipalities or counties. The proposed GID may consist of noncontiguous tracts or parcels of property.

### **Powers and Activities**

NRS 318.116 outlines the basic powers that may be granted to the GID in the initiating ordinance. NRS 318.116 lists 21 separate basic powers, each of which is elaborated upon in NRS 318, including:

- 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 318.1187).
- 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 318.1181).
- Furnishing energy for space heating (NRS 318.1175).
- Furnishing emergency medical services (NRS 318.1185).
- Control and eradication of noxious weeds (NRS 555).
- 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).

In order to finance each of these 21 basic powers, NRS 318.225 provides the local governing authority responsible for the GID the power to levy taxes, stating that, "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.

Like other assessment districts, such as a local redevelopment district (NRS 279) or a special assessment district (NRS 271), the local governing authority responsible for the 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.

## **Conclusion**

As evident in Table 1, General Improvement Districts (GIDs) are commonly used in all but two of Nevada’s counties. In FY 2011, there were 85 total active GIDs statewide with a combined statewide value of approximately \$20.1 billion. The General Improvement District is a powerful local economic development tool in Nevada. Proper understanding of its legal structure and how GIDs are financed is vital to properly discharging and understanding the powers of a local General Improvement District.

## **References**

Nevada Department of Taxation. 2012. Division of Local Government Services. *General Improvement Districts*. Data Provided.

State of Nevada. 2012. *Nevada Revised Statutes Chapter 318 – General Improvement Districts*. <http://www.leg.state.nv.us/NRS/NRS-318.html>.