

Points of Consideration for Methods to Enable Small School Districts to Acquire Capital



Point #1

The Legislature consider allowing school districts to put forth ballot questions to the voters that would allow the voters to approve or reject proposals that would enable the school districts to pledge property tax as security for debt above the current \$3.66 combined property tax limits. Such combined rates may not exceed the Constitutional limit of \$5.00 per \$100 of assessed valuation. This recommendation enables the voters to consider something that is currently not allowed to even be considered. Such ballot questions should also be permitted to be exempt any such approved taxes from the abatements.

Point #2

The Legislature consider allowing school districts to put forth ballot questions to the voters that would allow the voters to approve or reject proposals that would enable the school districts to pledge other taxes as security for debt, similar to SB 411 (2015). Providing a more workable window of opportunity for the school districts to avail themselves of this path is also recommended. The prior version of SB 411 only provided a two-year window of opportunity, which was extremely restrictive and challenging.

Point #3

The Legislature consider adding small school district capital to the list of permitted uses of the State Infrastructure Bank program. It is further recommended that the State Infrastructure Bank be authorized to lend money to districts that apply for funding using a maximum repayment term of 50 years. The applicant may request, or the State Infrastructure Bank may approve, loan terms less than the maximum term of 50 years. If the school districts applying for loans from the State Infrastructure Bank provide 25 percent or more in local matching funds for their project, the State Infrastructure Bank may extend a zero-interest loan. If less than 25 percent in matching funds is provided, the lending rate shall be one percent. Funding for the State Infrastructure Bank shall be made by way of appropriation and should be sufficient enough to address the highest priority replacement and improvement projects in the State.

Point #4

The Legislature consider authorizing school districts (either on their own or through their respective county commissions) to approve sources of local funding that can be used to fund all or part of a match for State Infrastructure Bank loans. Such sources may include, but are not limited to, impact fees for development, funds from the sale of natural resources, funds from the sale of public lands, donations, appropriations from the State or a local government, reserves, or other sources that may be identified.

Point #5

That the Fund to Assist School Districts in Financing Capital Improvements, as established in NRS 387.333, be funded to provide small districts that qualify by way of the criteria set forth in NRS 387.3335 with a means of applying for and potentially receiving funds that can either be used as a match for State Infrastructure Bank loans or directly for capital projects.

Point #6

That the statewide inventory of school-related facilities be periodically inspected and assessed by the State Department of Public Works for purposes of determining the highest priorities for repair, replacement, or refurbishment. Attention to safety-related concerns should be of the highest priority, with attention also given to the relative functionality of the facilities from an educational effectiveness perspective. The criteria for prioritizing facility repair, replacement, or refurbishment shall be established jointly by the Nevada Department of Education and the Department of Public Works. Annual reports on the condition of the facilities and priorities for replacement shall be provided to the Nevada Department of Education, the Legislative Committees on Education, the Governor, and to each affected school district.

Point #7

The Legislature consider enabling each school district to develop and implement a reserve policy that would identify required reserve components to include, at minimum, debt reserves, capital maintenance reserves, capital reserves, and operating reserves. These reserves would form a designated portion of the fund balance for each district and would be exempt from collective bargaining consideration.

Point #8

That school districts have access to issue debt through the State Bond Bank, if the credit of the issuing district will allow. This will enable districts to issue debt with the backing of the State's General Obligation pledge, thereby providing a higher credit rating to the issuance of debt. While this may be of limited utility to most rural school districts due to the need to be able to formally pledge revenues for repayment, it is another tool that can be evaluated on a case-by-case basis.