

GENERAL INFORMATION REPORT

Office of the City Manager	GIR No.: _____
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Issue: Senate Bill 264 (2009) Interim Study: Powers Delegated to Local Governments	

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Subject/Issue Statement: Senate Bill 264 (2009) calls for an interim study of the feasibility, fiscal impact, and other states' experiences of increasing the powers of local government. The study is due to the Full Interim Committee by June 1, 2010, and to the Legislative Counsel Bureau by February 1, 2011.

Summary:

Dillon's Rule and Home Rule:

Nevada is one of five states without constitutional provisions, amendments or laws providing for home rule to municipalities or counties (the others are Alabama, Hawaii, New Hampshire and North Carolina.) This makes Nevada a "Dillon's Rule" state, where:

(A) municipal corporation possesses and can exercise the following powers and no others: First, those granted in express words; second, those necessarily implied or necessarily incident to the powers expressly granted; third, those absolutely essential to the declared objects and purposes of the corporation - not simply convenient, but indispensable.

Dillon's rule has been interpreted in Nevada to apply to cities and counties, although Nevada counties are granted the authority to levy taxes for the purposes prescribed by law, to the extent authorized by law.

Home rule, on the other hand, refers to the concept of local self-government and the powers granted to the citizens of a local area to structure, organize and empower their local government. Home rule authority is defined differently state-by-state, with four primary areas in which home rule powers are exercised by local governments:

- Structural - power to choose the form of government, charter and enact charter revisions;
- Functional - power to exercise powers of local self government;
- Fiscal - authority to determine revenue sources, set tax rates, borrow funds and other related activities, and;
- Personnel - authority to set employment rules and conditions ranging from remuneration to collective bargaining.

With home rule, local citizens are permitted to resolve local issues with local approaches, fostering flexibility, innovation and responsiveness. Home rule reduces the amount of time a state legislature devotes to local issues, and places the responsibility for public expenditures and taxation on local officials, who meet more frequently than the Nevada Legislature can.

SB 264 (2009):

In the 2009 Nevada legislative session, Senator Terry Care sponsored SB 264, which became law, and calls for an interim study on:

- The feasibility of increasing the powers of local government in Nevada
- The fiscal impact to the State of making such changes
- The experiences of states that have rejected Dillon's Rule

The law calls for the formation of a full interim committee to conduct this study, consisting of six legislators:

- Chairman of the Senate Government Affairs Committee (Senator John Lee, Chairman)
- Chairman of Assembly Government Affairs Committee (Assemblywoman Marilyn Kirkpatrick, Vice Chairman)
- One member appointed by Senate Majority Leader (Senator Terry Care)
- One member appointed by Senate Minority Leader (Senator Mike McGinness)
- One member appointed by the Speaker of the Assembly (Assemblyman Tick Segerblom)
- One member appointed by the Senate Minority Leader (Assemblyman Pete Goicoechea)

This committee may create a technical advisory committee consisting of only local government representatives.

Additionally, the law calls for the Legislative Commission to appoint an Interim Technical Advisory Committee for Intergovernmental Relations to "foster effective communication, cooperation and partnerships among the State government and local governments to improve the provision of governmental services to the people of this State." This committee is to include six representatives of local governments and three representatives of State agencies. They must meet at least once every three months and study:

- The structure of local governments;
- The functions and powers of local governments, including fiscal powers
- Relationships among the State Government and local governments
- Allocation of state and local resources
- Legislation to recommend to the full interim committee

The report from the Interim Technical Advisory Committee for Intergovernmental Relations is due to the full interim committee by June 1, 2010. The Legislative Commission is to create a full report of the study's results and any recommendation for legislation, and submit it to the Legislative Counsel Bureau by February 1, 2011, for transmission to the 76th Nevada Legislature.

Components of Increased Local Government Authority:

There are a number of ways to approach increasing the authority of local government in Nevada. They include:

1. Structural Component: In Nevada, charter cities may amend their charter through a vote of the people or through the legislative process. Focusing on the structural component, a home rule charter would grant local governments direct power over its charter, to choose its form of government through a vote of the people, and to enact charter revisions without legislative approval. The process of amending a home rule charter could be

initiated by the voters, or through the local government's governing body. If by the latter, a charter commission would then be appointed, public hearings held, and a report issued to the governing body. A majority vote of the governing body would then amend the charter.

Note that currently this option would only be available to charter cities.

2. Functional Component: Changes to the functional component could be done in tandem with changes to the structural component or through separate legislation. They could include establishing the inherent authority of local governments to create special taxing districts and the ability to exercise more control in decisions within the local jurisdiction (i.e. land use, residential construction tax, court charges, special assessment in redevelopment districts).
3. Fiscal Component: Having fiscal home rule would give local governments the authority to raise and lower taxes, institute special tax districts to fund local improvements, and to initiate bond measures and tax overrides.
4. Personnel Component: Home rule regarding personnel includes the ability for local entities to establish the positions necessary to provide government services, and the framework in which those positions function.

Options to Implement Changes to Home Rule:

1. Amending the Nevada Constitution
 - a. Supported twice by the Legislature, passes a statewide vote
 - or-
 - b. State-wide ballot initiative, must be passed by voters twice
2. An advisory ballot question encouraging legislators to grant home rule through statutory changes (not binding)
3. Statutory changes through legislation (with or without the advisory question)

Attached for your information are copies of Senate Bill 264 and Resolution 7410, adopted by the City of Reno on September 23, 2009, supporting efforts by the Nevada League of Cities to seek more local control.