

## QUESTION NO. 6

### Amendment to the Nevada Constitution

Assembly Joint Resolution No. 26 of the 67th Session

### CONDENSATION (ballot question)

Shall the Nevada Constitution be amended to clarify that an exemption from the state's debt limitation also applies to money borrowed to retrofit state buildings to make more efficient use of energy in those buildings?

Yes . . . . .

No . . . . .

### EXPLANATION

The Nevada Constitution allows the state to borrow money, but prohibits the sum of such debts from exceeding 2 percent of the assessed value of all taxable property in the state. The constitution also provides that debts incurred by the state for the preservation of its property or natural resources are exempt from this debt limitation. Although energy resources are generally considered to be natural resources, it is not clear if projects to retrofit buildings in order to conserve energy are exempt from the debt limitation. The proposed amendment would clarify that the existing exemption applies to debts incurred in modifying state buildings to conserve energy.

### ARGUMENTS FOR PASSAGE

The conservation of Nevada's energy resources through the retrofitting of public buildings is consistent with the preservation of the state's natural resources and, therefore, should be exempt specifically from the debt limitation. The proposed amendment would provide more flexibility and additional options for financing projects to retrofit state buildings to make them more energy efficient. Through demonstration projects to retrofit buildings funded by special grants, the State of Nevada has shown that it can obtain significant savings in the



cost of energy within a period of a few years. Nevada could realize substantial savings by retrofitting some of its existing 1,800 buildings, but the state needs to issue bonds, preferably not included in the debt limitation, to finance such projects. If this proposal is not passed, these retrofit projects and the subsequent savings may be needlessly delayed because they must compete with the other capital improvement projects for funding within the debt limit.

## ARGUMENTS AGAINST PASSAGE

The Legislature has authorized through the year 2013 under the existing debt limit, the issuance of state bonds in the amount of up to \$5 million, at any one time, for projects to retrofit state buildings in order to conserve energy. If additional money is needed for such projects, it should be raised from the issuance of bonds within the current debt limit and not from bonds issued outside the debt limitation.

## FISCAL NOTE

**Financial Impact - No.** The proposal to amend the Nevada Constitution would clarify an exemption from the debt limitation for money borrowed to retrofit state buildings to conserve energy. The clarification results in no adverse fiscal effect.

## FULL TEXT OF THE MEASURE

ASSEMBLY JOINT RESOLUTION—Proposing to amend the constitution of the State of Nevada to clarify the exemption from the debt limitation of money borrowed to retrofit state buildings to make the use of energy in the buildings more efficient.

RESOLVED BY THE ASSEMBLY AND SENATE OF THE STATE OF NEVADA, JOINTLY, That section 3 of article 9 of the constitution of the State of Nevada be amended to read as follows:

– Sec. 3. The state may contract public debts; but such debts shall never, in the aggregate, exclusive of interest, exceed the sum of two per cent of the assessed valuation of the state, as shown by the reports of the county assessors to the state controller, except for the purpose of defraying extraordinary expenses, as hereinafter mentioned. Every such debt shall be authorized by law for some purpose or purposes, to be distinctly specified therein; and every such law shall provide for levying an annual tax sufficient to pay the interest semiannually, and the principal within twenty years from the passage of such law, and shall specially appropriate the proceeds of said taxes to the payment of said principal and interest; and such appropriation shall not be repealed nor the taxes postponed or diminished until the principal and interest of said debts shall have been wholly paid. Every contract of indebtedness entered into or assumed by or on behalf of the state, when all its debts and liabilities amount to said sum before mentioned, shall be void and of no effect, except in cases of money borrowed to repel invasion, suppress insurrection, defend the state in time of war, or, if hostilities be threatened, provide for the public defense. The state, notwithstanding the foregoing limitations, may, pursuant to authority of the legislature, make and enter into any and all contracts necessary, expedient or advisable for the protection and preservation of any of its property or natural resources, or for the purposes of obtaining the benefits thereof, however arising and whether arising by or through any undertaking or project of the United States or by or through any treaty or compact between the states, or otherwise [.] , *including contracts for the retrofitting of state buildings to make the use of energy in the buildings more efficient.* The legislature may from time to time make such appropriations as may be necessary to carry out the obligations of the state under such contracts, and shall levy such tax as may be necessary to pay the same or carry them into effect.

