
ASSEMBLY BILL NO. 409—ASSEMBLYWOMAN NEAL

MARCH 18, 2013

Referred to Committee on Taxation

SUMMARY—Creates the Nevada Business Development Fund.
(BDR 18-523)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to economic development; creating the Nevada Business Development Fund; providing, with limited exceptions, that money in the Fund must be distributed to local governments for the purpose of making below-market rate loans for business development projects; setting forth the duties and powers of the Executive Director of the Office of Economic Development with respect to the Fund; setting forth the duties and powers of a local government that makes loans of money distributed to the local government from the Fund; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 **Section 6** of this bill creates the Nevada Business Development Fund to be
2 administered by the Executive Director of the Office of Economic Development,
3 money from which is to be used only to distribute to local governments to make
4 loans to qualified borrowers for business development projects. **Section 7** of this
5 bill requires the Executive Director to adopt certain regulations concerning the use
6 of money in the Fund and authorizes the Executive Director to adopt any other
7 regulations necessary to carry out the provisions of this bill. **Section 8** of this bill
8 provides limitations on the use of the money in the Fund and authorizes a local
9 government to apply to the Executive Director for a distribution of money from the
10 Fund for the purpose of making the loans authorized by **section 6**. If a qualified
11 borrower who receives a loan pursuant to this bill fails to repay the loan, existing
12 law provides for the collection of all money due to the State by the State Controller.
13 (NRS 227.150, 227.230)



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 231 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 8, inclusive, of this
3 act.

4 **Sec. 2.** *As used in sections 2 to 8, inclusive, of this act, unless*
5 *the context otherwise requires, the words and terms defined in*
6 *sections 3, 4 and 5 of this act have the meanings ascribed to them*
7 *in those sections.*

8 **Sec. 3.** *“Business development project” means the*
9 *acquisition, engineering, improvement, rehabilitation,*
10 *construction, operation or maintenance of any property, real or*
11 *personal, which is used or is suitable for use by an economic*
12 *enterprise and which will result in, or will aid, promote or*
13 *facilitate, development of one or more of the following activities:*

- 14 1. *Manufacturing or other industrial production;*
- 15 2. *Agricultural development or food processing;*
- 16 3. *Aquacultural development or seafood processing;*
- 17 4. *Development or improved utilization of natural resources;*
- 18 5. *Operation of convention facilities and trade centers;*
- 19 6. *Operation of tourism facilities other than retail or food*
20 *service businesses;*
- 21 7. *Operation of transportation or freight facilities; and*
- 22 8. *Any other activity that represents new technology or a new*
23 *type of economic enterprise that the Office determines is needed to*
24 *diversify the economic base of an area, but not including:*

25 (a) *Construction of office buildings, including corporate*
26 *headquarters; or*

27 (b) *Retail businesses, shopping centers or food service*
28 *facilities.*

29 **Sec. 4.** *“Fund” means the Nevada Business Development*
30 *Fund created by section 6 of this act.*

31 **Sec. 5.** *“Qualified borrower” means a business located in*
32 *this State that employs 150 or fewer employees.*

33 **Sec. 6.** 1. *The Nevada Business Development Fund is*
34 *hereby created. The Executive Director shall administer the Fund.*

35 2. *Except as otherwise provided in section 8 of this act, the*
36 *money in the Fund may be used only to provide money to local*
37 *governments to make below-market rate loans to qualified*
38 *borrowers for business development projects.*

39 3. *Any money provided for the purposes for sections 2 to 8,*
40 *inclusive, of this act by legislative appropriation must be deposited*
41 *in the State Treasury for credit to the Fund. The interest and*



1 *income earned on money in the Fund must be credited to the*
2 *Fund.*

3 *4. All money remitted to the State by a local government*
4 *pursuant to section 8 of this act must be deposited in the State*
5 *Treasury for credit to the Fund.*

6 *5. All claims against the Fund must be paid as other claims*
7 *against the State are paid.*

8 *6. The faith of the State is hereby pledged that the money in*
9 *the Fund will not be used for purposes other than those authorized*
10 *by sections 2 to 8, inclusive, of this act.*

11 *Sec. 7. 1. The Executive Director shall adopt regulations*
12 *establishing:*

13 *(a) The eligibility requirements for applicants for loans of*
14 *money distributed to local governments from the Fund.*

15 *(b) One or more maximum annual rates of interest, which*
16 *must be below-market rates, applicable to loans of money*
17 *distributed to local governments from the Fund.*

18 *(c) Such other terms and conditions applicable to loans of*
19 *money distributed to local governments from the Fund as the*
20 *Executive Director determines are necessary, including, without*
21 *limitation:*

22 *(1) A requirement that any such loan be used by the*
23 *applicant for the creation and retention of jobs;*

24 *(2) A requirement that any such loan may be used only for*
25 *working capital, acquisition or improvement of real property, the*
26 *acquisition of machinery and equipment or, in accordance with*
27 *any regulations adopted with regard to subparagraph (3), the*
28 *refinancing of debt obligations;*

29 *(3) A restriction against the use of any such loan to*
30 *refinance debt obligations unless the applicant demonstrates that*
31 *the applicant's business has a significant economic impact on a*
32 *population or geographical area determined by the Office to be*
33 *important and that the applicant requires refinancing of debt*
34 *obligations to remain economically viable; and*

35 *(4) A requirement that the applicant show that its business*
36 *would be economically viable if it received such a loan and that*
37 *the applicant has been denied more than once by a bank or other*
38 *financial institution for a similar loan.*

39 *2. The Executive Director may:*

40 *(a) Prepare and enter into agreements with the Federal*
41 *Government for the acceptance of grants of money for the*
42 *purposes of sections 2 to 8, inclusive, of this act.*

43 *(b) Enter into agreements or cooperate with third parties to*
44 *provide for enhanced leveraging of money in the Fund, additional*
45 *financing mechanisms or any other program or combination of*



1 *programs for the purpose of expanding the scope of financial*
2 *assistance available from the Fund.*

3 *(c) Bind the Office to terms of any agreements entered into*
4 *pursuant to paragraph (a) or (b).*

5 *(d) Adopt such other regulations as are necessary to carry out*
6 *the provisions of sections 2 to 8, inclusive, of this act.*

7 *3. The Executive Director shall not distribute any money in*
8 *the Fund or commit such money for expenditure for the purposes*
9 *of sections 2 to 8, inclusive, of this act without first obtaining the*
10 *approval of the Legislature, or the Interim Finance Committee if*
11 *the Legislature is not in session.*

12 *Sec. 8. 1. Except as otherwise provided in subsection 5,*
13 *money in the Fund, including repayments of principal and interest*
14 *on loans, and interest and income earned on money in the Fund,*
15 *may only be distributed, upon application by a local government,*
16 *to a local government and may be used by the local government*
17 *only to make loans at a rate established by the Executive Director*
18 *pursuant to paragraph (b) of subsection 1 of section 7 of this act to*
19 *a qualified borrower for a business development project.*

20 *2. A local government may:*

21 *(a) Apply to the Executive Director for a distribution of money*
22 *from the Fund to make loans to qualified borrowers for business*
23 *development projects.*

24 *(b) Make a loan to a qualified borrower in accordance with the*
25 *regulations adopted by the Executive Director pursuant to section*
26 *7 of this act.*

27 *3. A local government shall, before approving an applicant*
28 *for a loan of money distributed to the local government from the*
29 *Fund, consider whether the applicant has received or is eligible to*
30 *receive from any other governmental entity any money or other*
31 *financial incentive, including, without limitation, any grant, loan,*
32 *tax credit or abatement of any tax for the purpose of financing in*
33 *whole or in part the business development project of the applicant.*

34 *4. A local government that makes a loan of money distributed*
35 *to the local government from the Fund to a qualified borrower*
36 *shall remit payments of principal and interest received from the*
37 *qualified borrower to the Executive Director for deposit in the*
38 *State Treasury for credit to the Fund.*

39 *5. The Executive Director may use the interest earned on the*
40 *money in the Fund and the interest earned on loans made by a*
41 *local government of money distributed from the Fund to defray, in*
42 *whole or in part, the costs and expenses of administering the Fund*
43 *and to carry out the purposes of sections 2 to 8, inclusive, of this*
44 *act.*



1 **Sec. 9.** This act becomes effective upon passage and approval.

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