

MEETING NOTICE AND AGENDA

Name of Organization: Legislative Commission's Subcommittee to Study Methods to Encourage Corporations and Other Business Entities to Organize and Conduct Business in this State (S.C.R. 19)

Date and Time of Meeting: June 30, 2000
10 a.m.

Place of Meeting: Grant Sawyer State Office Building
Room 4401
555 East Washington Avenue
Las Vegas, Nevada

Note: Some members of the Subcommittee may be attending the meeting and other persons may observe the meeting and provide testimony, through a simultaneous videoconference conducted at the following location:

Legislative Building
Room 3138
401 South Carson Street
Carson City, Nevada

If you cannot attend the meeting, you can listen to it live over the Internet. The address for the legislative web site is <http://www.leg.state.nv.us>. For audio broadcasts, click on the link "Listen to Meetings Live on the Internet."

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A G E N D A

- I. Opening Remarks and Introductions
Senator Mark A. James, Chairman
- *II. Approval of Minutes
 - A. March 24, 2000, Meeting of the full S.C.R. 19 Subcommittee
Senator Mark A. James, Chairman
 - B. May 30, 2000, Meeting of the S.C.R. 19 Sub-Subcommittee to Examine the Establishment of a Business Court and Review Business Laws in Nevada
Senator Mark A. James, Chairman of the Sub-Subcommittee
- III. Update on the Progress of the Supreme Court Task Force Formed to Study Methods of Creating a Business Court
Robert E. Rose, Chief Justice, Nevada Supreme Court
- IV. Overview of the Uniform Electronic Transactions Act
Frank W. Daykin, Commissioner, National Conference of Commissioners on Uniform State Laws
- *V. Overview of Mission and Goals of State Entities Involved in Economic Development
 - A. Office of the Lieutenant Governor
Lorraine T. Hunt, Lieutenant Governor
Kris Asher, Deputy Chief of Staff
 - B. Commission on Economic Development
Bob Shriver, Executive Director, and Advisory Member of the S.C.R. 19

Subcommittee

C. Representative of Office of Science, Engineering, and Technology

D. Representatives of University and Community College System of Nevada

VI. Public Testimony

*VII. Work Session - Discussion and Subcommittee Action on Recommendations to the 71st Session of the Nevada Legislature (see Attached "Work Session Document" for a Summary of Proposals)

*Denotes items on which the Subcommittee may take action.

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Research Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call Roxanne Duer at (775) 684-6825 as soon as possible.

Notice of this meeting was posted in the following Carson City, Nevada, locations: Blasdel Building, 209 East Musser Street; Capitol Press Corps, Basement, Capitol Building; City Hall, 201 North Carson Street; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was faxed for posting to the following Las Vegas, Nevada, locations: Clark County Office, 500 South Grand Central Parkway; and Grant Sawyer State Office Building, 555 East Washington Avenue.

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WORK SESSION DOCUMENT

June 30, 2000

**LEGISLATIVE COMMISSION'S SUBCOMMITTEE TO ENCOURAGE CORPORATIONS AND OTHER
BUSINESS ENTITIES TO ORGANIZE
AND CONDUCT BUSINESS IN THIS STATE
(Senate Concurrent Resolution No. 19
File No. 144, *Statutes of Nevada 1999*)**

The following work session outline was prepared by staff of the Legislative Commission's Subcommittee to Encourage Corporations and Other Business Entities to Organize and Conduct Business in This State (S.C.R. 19). The outline contains a compilation of recommendations presented during the course of the study (during the hearings and in writing) for consideration by the Subcommittee.

The possible actions listed in the document do not necessarily have the support or opposition of the subcommittee. These possible actions simply are compiled and organized so the members may review them to decide if they should be adopted, changed, rejected, or further considered. Sponsors of recommendations may be noted in parentheses. Any recommendations adopted by the Subcommittee will be submitted in report form to the Legislative Commission for consideration.

Please note that under *Nevada Revised Statutes* (NRS) 218.2429, interim committees conducting a study or investigation are limited to no more than 10 legislative measures (bill draft requests). However, committees may request the preparation of additional legislative measures if the Legislative Commission approves each additional request by a majority vote.

Finally, S.C.R. 19 specifies that no action may be taken on recommended legislation unless it receives a majority

vote of the Senators on the Subcommittee and a majority vote of the Assemblymen on the Subcommittee.

BUSINESS COURTS IN NEVADA

Creation of a Business Court

Note by Staff: The S.C.R. 19 Subcommittee may wish to consider Recommendations No. 1 and 2 concurrently.

- 1. Draft a resolution endorsing the creation of business court procedures by court rule in the Second and Eighth Judicial District Courts.** (Proposed by the Nevada Supreme Court's Business Court Task Force, for which Chief Justice Robert E. Rose served as chairman)

Attached is an overview of the structure and jurisdiction of such a court, as proposed by the Business Court Task Force.

- 2. *In addition to, or in lieu of, Recommendation No. 1,* draft legislation to create a business court by amending the Nevada Constitution to authorize the Legislature to provide by law for a business court as a division of a district court and prescribe the business court's jurisdiction.** (Proposed by Senator Mark A. James, Chairman of the S.C.R. 19 Subcommittee)
- 3. *If Recommendation No. 1 (create the business court within the next year by court rule) is approved by the S.C.R. 19 Subcommittee,* draft legislation to appropriate state funds for the salaries and benefits for two additional judges in the Eighth Judicial District and one additional judge in the Second Judicial District.** (Proposed by the Nevada Supreme Court's Business Court Task Force, which was chaired by Robert E. Rose, Chief Justice)

BUSINESS LAWS IN NEVADA

- 4. Draft legislation amending Nevada's business statutes to include the changes recommended by members of the Executive Committee of the Business Law Section of the State Bar of Nevada designed to encourage corporations and other business entities to organize and conduct business in this State.** (Proposed by John P. Fowler, Advisory Member of the S.C.R. 19 Subcommittee and Chairman of the Executive Committee, Business Law Section, State Bar of Nevada)

INTELLECTUAL PROPERTY LAWS IN NEVADA

- 5. Draft legislation to amend Nevada's Trademark Act (NRS 600.240-600.450) to include an anti-dilution provision to make it illegal to use a famous trademark on unrelated goods or services, thereby weakening or deleting the mark's value.** (Proposed by Mark Tratos, Nevada Attorney)
- 6. Draft legislation to amend Nevada's Uniform Trade Secrets Act (NRS Chapter 600A) to address dissemination of trade secrets through the Internet by allowing a court to impose immediate injunctive relief ordering the removal of the information from the Internet. Include a presumption that if the removal is done pursuant to a court order in a reasonable period, the trade secrets are not lost.** (Proposed by Mr. Tratos)

LAWS RELATING TO BUSINESS ON THE INTERNET

Note by staff: The S.C.R. 19 Subcommittee may wish to consider Recommendations No. 7 and 8 concurrently.

- 7. Draft legislation to amend Nevada's digital signature statutes (NRS Chapter 720) to establish the means by which courts can recognize commercial transactions and contracts that occur only electronically and provide a specific statutory basis for legal enforcement.** (Proposed by Mr. Tratos)
- 8. *In lieu of Recommendation No. 7,* draft legislation to adopt the comprehensive Uniform Electronic**

Transactions Act, which includes a provision regarding court acceptance of electronic records into evidence. (Proposed by Chairman James)

- 9. Draft legislation to prohibit the use of the Internet as an offensive tool to disrupt business operations by sending unsolicited communications. Illegal activity includes electronically jamming or clogging a web site through the use of unsolicited e-mails or similar correspondence. (Proposed by Mr. Tratos)**
- 10. Draft legislation to require Nevada-based Internet businesses (or businesses using Internet service providers located in Nevada) that collect personal information about Internet users to prominently post a statement as to their privacy practices on their web site. (Proposed by Mr. Tratos)**

ENTERTAINMENT LAW

- 11. Draft legislation to implement a Judicial Review of Minors Act that allows a district court to review a proposed contract or engagement with a minor and to approve the contract terms as being fair, reasonable, and in the minor's best interest. If such court approval were obtained, the minor could not then later challenge the contract when he reaches the age of majority. (Proposed by Mr. Tratos)**

ECONOMIC DEVELOPMENT AND DIVERSIFICATION IN NEVADA

Note by Staff: The S.C.R. 19 Subcommittee may wish to consider Recommendations No. 12 and 13 concurrently.

- 12. Draft a resolution urging the Governor; the Lieutenant Governor; the Office of Science, Engineering, and Technology; Nevada's Commission on Economic Development; and the University and Community College System of Nevada (UCCSN) to coordinate efforts to promote Nevada's economic development and diversification. The State must identify the target areas for economic development, including new technologies, and coordinate with the UCCSN, which must be prepared to facilitate these efforts with programs to train the necessary workforce and to nurture new technologies. In addition, promotion of Nevada's university system as a center for Research and Development should be targeted as a primary tactic for competing with other states. (Proposed by Chairman James)**

Funding sources, including the public and private contributions, for these efforts must be identified and encouraged. Nevada's EPSCoR funds (Experimental Program for the Stimulation of Competitive Research) should be focused on supporting the target areas for economic development, helping to build the research infrastructure needed.

To accomplish these goals of economic diversification and cultivating an entrepreneurial environment in Nevada, initiatives in other states and the existing economic dynamics in Nevada should be reviewed, including (but not limited to):

- Research and Development programs offered through university systems such as the Georgia Research Alliance;**
- Programs that promote networking for venture capital such as the Venture Network of Iowa;**
- Improved promotion and coordination of existing state programs; and**
- Entrepreneurial education opportunities such as the class offered by the University of Nevada Reno that combines instruction in entrepreneurship and development of venture capital.**

- 13. Include a statement in the report encouraging the 2001 Legislature to consider any recommendations from the Battelle Memorial Institute, which is currently examining the economic strengths and weaknesses of the entire State to establish a plan for Nevada's economic future. (Proposed by the S.C.R. 19 Sub-Subcommittee to Review Economic Incentives in Other States)**
- 14. Send a letter on behalf of the S.C.R. 19 Subcommittee to Bob Shriver, Executive Director of the Nevada Commission on Economic Development (Commission), and Lieutenant Governor Lorraine T. Hunt, Chairman of the Commission, encouraging the Commission to accomplish its goals of:**

A. Developing a state plan for economic development and diversification that targets the following:

- \$ Marketing;
- \$ The growth of the film industry;
- \$ The role of technology in the economy; and
- \$ The retention and expansion of existing businesses.

- B. Working closely with the Office of Science, Engineering and Technology and the University and Community College System of Nevada to develop a strategic plan for Nevada. Also ensure that the study proposed in conjunction with Battelle Memorial Institute is undertaken to examine the economic strengths and weaknesses of the entire State and to establish a plan for Nevada's economic future.

(Proposed by the S.C.R. 19 Sub-Subcommittee to Review Economic Incentives in Other States)

ECONOMIC ISSUES AFFECTING RURAL NEVADA

15. **Send a letter on behalf of the S.C.R. 19 Subcommittee to Nevada's Congressional representatives in support of the Nevada Public Land Management Act of 1999 (Senate Bill 719). This legislation requires that public lands for sale in Northern Nevada be auctioned off to the highest bidder and designates how proceeds from the land sales are to be divided.** (Proposed by the S.C.R. 19 Sub-Subcommittee to Review Economic Incentives in Other States)

OFFICE OF THE SECRETARY OF STATE

16. **Include a statement in the report supporting the continuing efforts of the Office of the Secretary of State (Office) to improve its technology and to provide state-of-the-art mechanisms for its clients to conduct their business with the Office. Necessary funding should be discussed with the Governor in preparation of the Executive Budget.** (Proposed by the Sub-Subcommittee to Review Incentives Offered Through the Office of the Secretary of State)

Technology

- A. **New Database Filing Application:** The Secretary of State is investigating a new software application to process, store, and retrieve documents filed in the Office. The Legislature has approved a needs assessment by the company that developed a Windows application for these procedures in the State of Nebraska.
- B. **Imaging:** The Secretary of State is investigating the conversion of all microfiched and filmed documents currently on file with the Office to digital imaging, as well as the initial digital imaging of documents.
- C. **Hardware:** The Office anticipates that new filings applications will require new network and individual hardware; and that increased web traffic and on-line filing processes (such as the federal Electronic Data Gathering Analysis and Retrieval [EDGAR] system through which registrants can file, and the public can retrieve disclosure information, electronically) will require additional technology. As a result, the Office will need "state of the art" equipment to allow it to keep up with the increased needs and demands of its clients.

Staffing of the Office

- D. **Staff Levels and Training:** Additional staffing will be necessary as growth continues. Further, with new applications, equipment, and processing changes, the staff will need additional training in the related nontraditional forms of doing businesses. The Office would like to customize and standardize the training of its staff, without the need to rely on the scheduling and availability of State Personnel. Testimony noted that such training would maximize the efficiency of the Office while minimizing processing errors
- E. **Contact Person Within the Office of the Secretary of State:** Establish a system under which people filing documents can speak to the person most knowledgeable regarding the requirements involved with the filings they are submitting. Providing access to user-friendly software may also address this concern.

17. **Include a statement in the report encouraging the Secretary of State to offer expanded office hours to**

accommodate the increased demand for services and to open at 6 a.m. to meet the needs of clients on the East Coast. (Proposed by the Sub-Subcommittee to Review Incentives Offered Through the Office of the Secretary of State)

Expedited Services

- 18. Include a statement in the report in support of the following expedited services.** (Proposed by the Sub-Subcommittee to Review Incentives Offered Through the Office of the Secretary of State)
 - A. Same day (or less) services:** Nevada should offer (like Delaware) two- or four-hour, or at least same day, expedited filings.
 - B. Written confirmation:** Provide written confirmation by facsimile of a filed document upon receipt. Provide notification when the paperwork is recorded.
 - C. Pre-clearing of documents:** Provide a system for Apre-clearing@ of documents on the same day, or on a two- or four-hour expedited basis, to ensure that complicated articles of merger are in proper order for filing.
- 19. Draft legislation to revise subsection 2(d) of NRS 225.140 to raise the \$100 statutory cap on fees for special or expedited services to \$500.** (Proposed by the Sub-Subcommittee to Review Incentives Offered Through the Office of the Secretary of State)
- 20. Draft legislation to authorize the Secretary of State to establish by regulation the fee schedule for commercial filings processed by that office.** (Proposed by Scott Anderson, Advisory Member of the S.C.R. 19 Subcommittee and Deputy Secretary of State, Commercial Recording Division)