**Amendment No. 3**

| | |
|---|---|
| Senate Amendment to Senate Bill No. 4 | (BDR 30-19) |
| **Proposed by:** Senate Committee of the Whole | |
| **Amends:** Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes | |

| ASSEMBLY ACTION | | Initial and Date | SENATE ACTION | | Initial and Date |
|---|---|---|---|---|---|
| Adopted ☐ | Lost ☐ | _____ | Adopted ☐ | Lost ☐ | _____ |
| Concurred In ☐ | Not ☐ | _____ | Concurred In ☐ | Not ☐ | _____ |
| Receded ☐ | Not ☐ | _____ | Receded ☐ | Not ☐ | _____ |

EXPLANATION: Matter in (1) ***blue bold italics*** is new language in the original bill; (2) variations of **green bold underlining** is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

SENATE BILL NO. 4–COMMITTEE OF THE WHOLE

JULY 9, 2020

Referred to Committee of the Whole

SUMMARY—~~[Revises]~~ **Temporarily revises** provisions governing public borrowing. (BDR 30-19)

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

~

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

AN ACT relating to state securities; authorizing the State Board of Finance to issue interim debentures **for a temporary period** to fund the general operations of the State ~~[,]~~ **under certain circumstances; temporarily** revising provisions governing payments made from the Consolidated Bond Interest and Redemption Fund; **temporarily** revising provisions governing the fixing of interest rates for certain state securities; **temporarily** revising provisions governing the issuance of interim debentures; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law requires the State Treasurer to make payments for the redemption of outstanding bonds, the interest thereon and any bank service charges from the Consolidated Bond Interest and Redemption Fund. (NRS 349.110) **Section 2** of this bill **temporarily** removes the term "bank service charges" and, instead, requires the State Treasurer to make payments for bond administrative expenses, including expenses incurred to administer an interim debenture line of credit, notes or bonds, from the Consolidated Bond Interest and Redemption Fund.

Existing law provides that an act or resolution authorizing the issuance of state securities or any trust indenture or other instrument appertaining thereto may fix a rate or rates of interest or provide for the determination of the rate or rates from time to time by a designated agent. (NRS 349.227) ~~[Section]~~ **Until June 30, 2021, section 3** of this bill authorizes an act or resolution to include such terms if the act or resolution is for the issuance of securities bearing interest at a variable rate of interest or securities with a term of 270 days or less issued as commercial paper under a program for the issuance of commercial paper to be used for certain purposes. **Section 3** also **temporarily** requires such an act or resolution to specify parameters for the interest rate if it is to be fixed by an agent.

Existing law authorizes certain entities, before the sale of bonds, to delegate to the State Treasurer the authority to sign a contract for the purchase of the bonds or to accept a binding bid for the bonds, subject to certain requirements. (NRS 349.303) ~~[Section]~~ **Until June 30, 2021, section 4** of this bill authorizes such authority to also be delegated to the agent who is designated to fix interest rates.

Existing law authorizes the State to issue general obligation interim debentures and special obligation interim debentures to evidence certain amounts borrowed by the State. (NRS 349.318) ~~[Section]~~ **Until June 30, 2021, section 5** of this bill authorizes such interim debentures to be in the form of a note, bond or line of credit agreement, the proceeds of which

are used for the general operations of the State or to pay the costs of a project. **Section 5** also **temporarily** authorizes interim debentures and bond administrative expenses to be secured by the pledge of, security interest in and first lien on certain money and revenues. ~~[Section]~~ **Until June 30, 2021, section 1** of this bill **: (1) requires the State Treasurer to submit a certification to the State Board of Finance if the State Treasurer determines that the cash balance in the State General Fund has fallen below 25 percent of its lowest average monthly balance for the immediately preceding 36 months or that the cash balance in the State General Fund is insufficient to meet expected future obligations anticipated to be paid within the immediately succeeding 120 days; and (2) requires the State Board of Finance to determine the existence of either of those circumstances and, if so,** authorizes the State Board of Finance to issue general obligation interim debentures and special obligation interim debentures for the purpose of paying for the general operations of the State, provided that the aggregate principal amount of any such interim debentures outstanding at one time cannot exceed $150,000,000.

Existing law requires an interim debenture to mature within 5 years and requires the proceeds of interim debentures to be used to defray the cost of a project. (NRS 349.322) ~~[Section]~~ **Until June 30, 2021, section 6** of this bill requires an interim debenture in the form of a line of credit to mature within 3 years from the first date on which a draw is made under the line of credit.

---

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

**Section 1.** Chapter 349 of NRS is hereby amended by adding thereto a new section to read as follows:

***1.*** ~~*[For the purpose of paying for the general operations of the State, at any time or from time to time,]*~~ ***If at any time the State Treasurer determines that the cash balance in the State General Fund has fallen below 25 percent of its lowest average monthly balance for the immediately preceding 36 months or that the cash balance in the State General Fund is insufficient to meet expected future obligations anticipated to be paid within the immediately succeeding 120 calendar days, the State Treasurer shall submit a certification of that fact to the State Board of Finance. On the date on which the State Treasurer submits the certification to the State Board of Finance, the State Treasurer shall transmit notice of the certification to the Director of the Legislative Counsel Bureau for transmittal to the Legislature if the Legislature is in session, or to the Interim Finance Committee if the Legislature is not in session.***

***2. If the State Board of Finance determines that the cash balance in the State General Fund has fallen below 25 percent of its lowest average monthly balance for the immediately preceding 36 months or that the cash balance in the State General Fund is insufficient to meet expected future obligations anticipated to be paid within the immediately succeeding 120 days, the State Board of Finance may issue general obligation interim debentures payable from taxes or special obligation interim debentures, which may be in the form of a line of credit, note or bond as provided by NRS 349.318*** ~~*[,]*~~ ***, for the purpose of paying for the general operations of the State, at any time or from time to time, in a face amount of not more than $150,000,000. The aggregate principal amount of such interim debentures outstanding at one time may not exceed $150,000,000.***

***3. In making its determination pursuant to subsection 2, the State Board of Finance is entitled to rely on the certification submitted by the State Treasurer pursuant to subsection 1. Any determination made by the State Board of Finance pursuant to subsection 2 is conclusive.***

~~[2.]~~ ***4.*** ***Proceeds from the sale of interim debentures issued pursuant to this section must be deposited in the State General Fund. The interest and income earned on the proceeds of the interim debentures, including any line of credit, note or bond, after deducting any applicable charges and bond administrative expenses, must be credited to the State General Fund and used for the general operations of the State.***

~~[3.]~~ ***5.*** ***The provisions of NRS 349.150 to 349.364, inclusive, which are not inconsistent with the provisions of this section apply to the issuance of interim debentures under this section.***

~~[4.]~~ ***6.*** ***Securities may be issued under this section without regard to the procedure required by any other such law except as otherwise provided in this section or in NRS 349.150 to 349.364, inclusive. Insofar as the provisions of this section are inconsistent with the provisions of any other law, general or special, the provisions of this section are controlling.***

~~[5.]~~ ***7.*** ***This section being necessary to secure the public health, safety, convenience and welfare, shall be liberally construed to effect its purposes.***

~~[6.]~~ ***8.*** ***As used in this section, "bond administrative expense" has the meaning ascribed to it in NRS 349.110.***

**Sec. 2.** NRS 349.110 is hereby amended to read as follows:

349.110 ***1.*** After March 28, 1939, so long as there shall be any outstanding bonds in the name of the State of Nevada, the State Treasurer shall make payment for redemption of such bonds, the interest thereon and any ~~[bank service charges]~~ ***bond administrative expenses*** from the Consolidated Bond Interest and Redemption Fund.

***2. As used in this section, "bond administrative expense" means any expense incurred by the State Treasurer, the State Board of Finance, bond trustees, paying agents, arbitrage compliance agents or any other person or entity to administer an interim debenture line of credit, notes or bonds in the name of the State of Nevada, or as otherwise necessary to ensure compliance with state or federal law.***

**Sec. 3.** NRS 349.227 is hereby amended to read as follows:

349.227 1. ~~[The]~~ ***In the case of securities bearing interest at a variable rate of interest, or in the case of securities with a term of 270 days or less issued as commercial paper under a program for the issuance of commercial paper to fund the costs of a project, to be deposited into the State General Fund and used for the general operations of the State or to refinance any previously issued commercial paper or other securities, the*** act or resolution authorizing the issuance of any state securities or any trust indenture or other instrument appertaining thereto may fix a rate or rates of interest or provide for the determination of the rate or rates from time to time by a designated agent according to the procedure specified in that resolution or other instrument. The rate so determined must approximate the rates then being paid for other securities which contain similar provisions and have an equivalent rating. The Commission may contract with or select any person ***to act as an agent*** to make that determination ~~[.]~~ ***and shall specify parameters for the interest rate if it is fixed by such an agent.***

2. The Commission may enter into an agreement with a third party for an assurance of payment of the principal of, the interest on, or premiums, if any, due in connection with any state securities issued by the Commission. The obligation of the Commission to reimburse that third party for any advances made pursuant to that agreement may be provided in that agreement, recited in those securities or evidenced by another instrument as designated in the act or resolution authorizing the issuance of those securities or any other instrument appertaining thereto. The Commission may assign its rights under that agreement.

**Sec. 4.** NRS 349.303 is hereby amended to read as follows:

349.303 1. The Commission may, before any sale of bonds, delegate to the Treasurer or his or her designee ***, or an agent in the case of securities described in subsection 1 of NRS 349.227,*** the authority to sign a contract for the purchase of the bonds or to accept a binding bid for the bonds subject to the requirements specified by the Commission concerning:

(a) The rate of interest on the bonds;

(b) The dates on which and the prices at which the bonds may be called for redemption before maturity;

(c) The price at which the bonds will be sold; and

(d) The principal amount of the bonds and the amount of principal maturing in any particular year.

2. All terms of the bonds other than:

(a) The rate of interest;

(b) The dates and prices for the redemption of the bonds;

(c) The price for the sale of the bonds;

(d) The principal amount of the bonds; and

(e) The requirements for the principal maturing in particular years,

➥ must be approved by the Commission before the bonds are delivered.

3. The final rate of interest, dates and prices of redemption, price for the sale of the bonds, principal amount and the requirements for the principal amount maturing in particular years are not required to be approved by the Commission if each of those terms complies with the requirements specified by the Commission before the contract for the purchase of the bonds is signed or the bid for the bonds is accepted.

**Sec. 5.** NRS 349.318 is hereby amended to read as follows:

349.318 1. Notwithstanding any limitation or other provision herein, whenever the State is authorized to issue general obligation bonds, regardless of whether majorities of the qualified electors of the State voting on a proposal to issue the general obligation bonds have authorized their issuance by the State for any project, the State is authorized to borrow money without any other election in anticipation of the proceeds of taxes, the proceeds of the bonds, the proceeds of pledged revenues, or any other moneys of the State, or any combination thereof, and to issue general obligation interim debentures to evidence the amount so borrowed.

2. The State also is authorized to borrow money without any election in anticipation of the proceeds of revenue bonds or any other special obligations of the State and of its pledged revenues, or any combination thereof, but excluding the proceeds of any taxes, and to issue special obligation interim debentures to evidence the amount so borrowed.

***3. General obligation interim debentures and special obligation interim debentures may be in the form of a note, bond or line of credit agreement with a bank or other lender under which moneys are deposited into the State General Fund, either at one time or from time to time, and used for the general operations of the State or to pay the costs of a project.***

***4. Any general obligation interim debentures or special obligation interim debentures issued pursuant to this section and any bond administrative expenses may be additionally secured by pledged revenue for the benefit of the owners of the interim debentures and the obligees under any agreement described in subsection 3, by the pledge of, security interest in and first lien on all or a portion of the following, if applicable:***

***(a) Unrestricted revenues, including tax revenues, payable to the State General Fund to be used for the general operations of the State; or***

***(b) Money related to the interim debentures held on deposit in any other fund or account under any instrument or agreement pertaining to the interim debentures, including, without limitation, reserves therefor and income on such money.***

***5. As used in this section, "bond administrative expense" means any expense incurred by the State Treasurer, the State Board of Finance, bond trustees, paying agents, arbitrage compliance agents or any other person or entity to administer an interim debenture line of credit, notes or bonds in the name of the State of Nevada, or as otherwise necessary to ensure compliance with state or federal law.***

**Sec. 6.** NRS 349.322 is hereby amended to read as follows:

349.322 1. Any interim debentures may mature at such time or times not exceeding a period of time equal to the estimated time needed to effect the purpose or purposes for which they are issued or for which the bonds are authorized to be issued, but not exceeding 5 years from the date of the interim debentures, ***or in the case of interim debentures in the form of a line of credit agreement, not exceeding 3 years from the first date on which a draw is made under the line of credit agreement,*** as the Commission may determine.

2. The proceeds of interim debentures shall be used to defray the cost of a project ~~[.]~~ ***or for the purposes set forth in NRS 349.318.***

3. Any notes or warrants or both notes and warrants may be funded with the proceeds of interim debentures, as well as bonds authorized by the Commission authorizing the issuance of the funded securities.

4. Except as otherwise provided in NRS 349.318 to 349.328, inclusive, interim debentures shall be issued as provided herein for state securities in NRS 349.230 to 349.316, and 349.352 to 349.364, inclusive.

**Sec. 7.** Notwithstanding the provisions of NRS 218D.430, a committee may vote on this act before the expiration of the period for the return of a fiscal note in NRS 218D.475. This section applies retroactively from and after July 8, 2020.

***Sec. 8.*** **The State Board of Finance shall not approve the issuance of any interim debentures pursuant to section 1 of this act after June 30, 2021.**

~~[Sec. 8.]~~ ***Sec. 9.*** This act becomes effective upon passage and approval ~~[.]~~ **and expires by limitation on June 30, 2021.**