

SENATE BILL NO. 240—SENATOR NEAL

MARCH 9, 2023

Referred to Committee on Revenue and
Economic Development

SUMMARY—Revises provisions relating to the Nevada New
Markets Jobs Act. (BDR 18-792)

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; authorizing an
additional amount of investments to be made in qualified
community development entities in exchange for certain
tax credits; and providing other matters properly relating
thereto.

Legislative Counsel’s Digest:

1 Existing law enacts the Nevada New Markets Jobs Act. (Chapter 231A of NRS)
2 Under the Act, insurance companies are entitled to receive credit against certain
3 taxes imposed on insurance companies in exchange for making an investment in a
4 qualified community development entity. (NRS 231A.200) A qualified community
5 development entity in which such an investment is made is required to use 85
6 percent of the investment to make capital or equity investments in, or loans to,
7 qualified active low-income community businesses, which are defined as
8 businesses in a low-income community. (NRS 231A.110, 231A.130, 231A.140,
9 231A.250; 26 U.S.C. § 45D) This bill authorizes an additional amount of
10 investments in qualified community development entities which may be made in
11 exchange for a credit against certain taxes imposed on insurance companies.

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

1 **Section 1.** NRS 231A.230 is hereby amended to read as
2 follows:

3 231A.230 1. A qualified community development entity that
4 seeks to have an equity investment or long-term debt security
5 designated as a qualified equity investment and eligible for tax



1 credits under this chapter must apply to the Department for that
2 designation. An application submitted by a qualified community
3 development entity must include the following:

4 (a) Evidence of the applicant's certification as a qualified
5 community development entity.

6 (b) A copy of an allocation agreement executed by the applicant,
7 or its controlling entity, and the Community Development Financial
8 Institutions Fund of the United States Department of the Treasury
9 which includes the State of Nevada in the service area set forth in
10 the allocation agreement.

11 (c) A certificate executed by an executive officer of the
12 applicant:

13 (1) Attesting that the allocation agreement remains in effect
14 and has not been revoked or cancelled by the Community
15 Development Financial Institutions Fund; and

16 (2) Setting forth the cumulative amount of allocations
17 awarded to the applicant by the Community Development Financial
18 Institutions Fund.

19 (d) A description of the proposed amount, structure and
20 purchaser of the qualified equity investment.

21 (e) If known at the time of application, identifying information
22 for any entity that will use the tax credits earned as a result of the
23 issuance of the qualified equity investment.

24 (f) Examples of the types of qualified active low-income
25 businesses in which the applicant, its controlling entity or the
26 affiliates of its controlling entity have invested under the federal
27 New Markets Tax Credit Program. An applicant is not required to
28 identify the qualified active low-income community businesses in
29 which it will invest when submitting an application.

30 (g) A nonrefundable application fee of \$5,000. This fee must be
31 paid to the Department and is required for each application
32 submitted.

33 (h) The refundable performance fee required by subsection 1 of
34 NRS 231A.270.

35 2. Within 30 days after receipt of a completed application
36 containing the information set forth in subsection 1, including the
37 payment of the application fee and the refundable performance fee,
38 the Department shall grant or deny the application in full or in part.
39 If the Department denies any part of the application, it shall inform
40 the qualified community development entity of the grounds for the
41 denial. If the qualified community development entity provides any
42 additional information required by the Department or otherwise
43 completes its application within 15 days after the date of the notice
44 of denial, the application must be considered complete as of the
45 original date of submission. If the qualified community development



1 entity fails to provide the information or complete its application
2 within the 15-day period, the application remains denied and must
3 be resubmitted in full with a new date of submission.

4 3. If the application is complete, the Department shall certify
5 the proposed equity investment or long-term debt security as a
6 qualified equity investment that is eligible for tax credits under this
7 chapter, subject to the limitations contained in subsection 5. The
8 Department shall provide written notice of the certification to the
9 qualified community development entity. The notice must include
10 the names of those entities who will earn the credits and their
11 respective credit amounts. If the names of the entities that are
12 eligible to use the credits change as the result of a transfer of a
13 qualified equity investment or an allocation pursuant to NRS
14 231A.210, the qualified community development entity shall notify
15 the Department of the change.

16 4. The Department shall certify qualified equity investments in
17 the order applications are received by the Department. Applications
18 received on the same day shall be deemed to have been received
19 simultaneously. For applications that are complete and received on
20 the same day, the Department shall certify, consistent with
21 remaining qualified equity investment capacity, the qualified equity
22 investments in proportionate percentages based upon the ratio that
23 the amount of qualified equity investment requested in an
24 application bears to the total amount of qualified equity investments
25 requested in all applications received on the same day.

26 5. The Department:

27 (a) Shall certify \$200,000,000 in qualified equity investments
28 before July 1, 2019, ~~and~~ \$200,000,000 in qualified equity
29 investments on or after July 1, 2019 ~~;~~ , and *\$200,000,000 in*
30 *qualified equity investments on or after July 1, 2026;*

31 (b) Shall not certify any single qualified equity investment of
32 less than \$8,000,000; and

33 (c) Shall not certify more than a total of \$50,000,000 in
34 qualified equity investments to any single applicant, including all
35 affiliates and partners of the applicant which are qualified
36 community development entities.

37 ➤ If a pending request cannot be fully certified because of these
38 limits, the Department shall certify the portion that may be certified
39 unless the qualified community development entity elects to
40 withdraw its request rather than receive partial certification.

41 6. An approved applicant may transfer all or a portion of its
42 certified qualified equity investment authority to its controlling
43 entity or any affiliate or partner of the controlling entity which is
44 also a qualified community development entity, if the applicant
45 provided the information required in the application with respect to



1 the transferee and the applicant notifies the Department of the
2 transfer within 30 days after the transfer.

3 7. Within 30 days after the applicant receives notice of
4 certification, the qualified community development entity or any
5 transferee pursuant to subsection 6 shall issue the qualified equity
6 investment and receive cash in the amount certified by the
7 Department. The qualified community development entity or
8 transferee under subsection 6 must provide the Department with
9 evidence of the receipt of the cash investment within 10 business
10 days after receipt. If the qualified community development entity or
11 any transferee under subsection 6 does not receive the cash
12 investment and issue the qualified equity investment within 30 days
13 after receipt of the notice of certification, the certification lapses and
14 the entity may not issue the qualified equity investment without
15 reapplying to the Department for certification. Lapsed certifications
16 revert back to the Department and must be reissued, first, pro rata to
17 other applicants whose qualified equity investment allocations were
18 reduced pursuant to subsection 4 and, thereafter, in accordance with
19 requirements for submitting the application.

20 **Sec. 2.** This act becomes effective on July 1, 2023.

