

ASSEMBLY BILL NO. 528—ASSEMBLYMEN NEIGHBORS AND DINI

MARCH 15, 1999

JOINT SPONSOR: SENATOR MCGINNESS

Referred to Committee on Government Affairs

SUMMARY—Authorizes creation of regional development corporations by local governments in area of Nevada Test Site. (BDR S-979)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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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 local economic benefit; authorizing the creation of nonprofit regional development corporations by local governments in the area adjacent to the Nevada Test Site; and providing other matters properly relating thereto.

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

- 1 **Section 1.** The legislature finds as facts that:
- 2 1. The reduction of federal activity at the Nevada Test Site has
- 3 affected the surrounding region in a manner and to a degree different from
- 4 the effects occurring elsewhere in the state, by eliminating employment
- 5 and otherwise diminishing the financial stability and economic vitality of
- 6 the communities in the region.
- 7 2. The affected communities, if they are to survive, must diversify
- 8 their economies by attracting new enterprises and rehabilitating existing
- 9 enterprises.
- 10 3. Existing general requirements pertaining to the management of
- 11 public property make the cooperative use of public property and resources
- 12 for that diversification and rehabilitation impractical.
- 13 4. Cooperative use of public and private resources has shown itself in
- 14 other states to be effective in economic diversification and rehabilitation.

1 5. The Nevada Test Site Development Corporation has been organized
2 as a Nevada corporation not for profit under section 3161 of the National
3 Defense Authorization Act of 1993, Public Law 102-484, to facilitate
4 economic development in the affected region.

5 6. A general law cannot be made applicable for the reasons explained
6 in the preceding subsections to enable the full cooperative use of public
7 and private resources to achieve the desired economic diversification and
8 rehabilitation of this region.

9 **Sec. 2.** As used in this act, the words and terms defined in sections 3
10 to 7, inclusive, of this act have the meanings ascribed to them in those
11 sections.

12 **Sec. 3.** "Affected community" means a political subdivision whose
13 population is less than 100,000 and a part of whose territory is located
14 within 125 miles of the outer boundary of the Nevada Test site.

15 **Sec. 4.** "Eligible," with respect to an economic development
16 organization not for profit, means an association or corporation recognized
17 and operating as:

18 1. A reuse organization pursuant to the provisions of section 3161 of
19 the National Defense Authorization Act of 1993, Public Law 102-484;

20 2. An economic development district pursuant to the provisions of the
21 Public Works and Economic Development Act of 1965, Public Law 89-
22 136; or

23 3. A local redevelopment authority pursuant to the provisions of the
24 Base Closure Community Redevelopment and Homeless Assistance Act of
25 1994, Public Law 103-421,
26 and having sufficient financial resources, fiscal responsibility and powers
27 to propose, plan, and carry out substantial projects of economic
28 development.

29 **Sec. 5.** "Political subdivision" means a county, city or unincorporated
30 town.

31 **Sec. 6.** "Population" has the meaning ascribed to it in NRS 0.050.

32 **Sec. 7.** "Regional development corporation" means a corporation for
33 public benefit organized in this state pursuant to this act and chapter 82 of
34 NRS.

35 **Sec. 8.** 1. One or more affected communities, together with the
36 Nevada Test Site Development Corporation or another eligible economic
37 development organization not for profit, may form a regional development
38 corporation to ensure the continuing economic and social viability and
39 vitality of the affected community.

40 2. Each political subdivision that desires to participate in forming such
41 a corporation must first enact an ordinance containing:

42 (a) Findings that:

1 (1) The economy of its territory needs revitalization, diversification
2 or stabilization, or any combination of these;

3 (2) The corporation will assist in satisfying those needs, in
4 accordance with a general plan for economic development then in force;

5 (3) The general welfare of its residents will be best served by
6 organizing the corporation; and

7 (4) The governing body has reviewed the qualifications of the
8 economic development organization not for profit with which it intends to
9 organize the corporation, and has found that organization to be eligible.

10 (b) The organization and composition of the corporation and the powers
11 to be delegated to it.

12 (c) The intended duration of the agreement under which the corporation
13 will be formed.

14 (d) The proposed method of financing the undertaking and providing a
15 budget for the corporation.

16 (e) The proposed method of acquiring, holding and disposing of real
17 and personal property for the undertaking, and the method by which the
18 political subdivision may furnish to or exchange with the corporation
19 personnel, property or facilities.

20 (f) The authorized use of any gain from the operation of the
21 corporation.

22 (g) The method for terminating the agreement and the corporation in
23 whole or in part and for disposing of property and other assets upon
24 termination.

25 **Sec. 9.** A regional development corporation must be formed in the
26 manner provided in NRS 82.081 to 82.116, inclusive. Except to the extent
27 superseded, enlarged or otherwise changed in application by this act, the
28 provisions of chapter 82 of NRS apply to such a corporation.

29 **Sec. 10.** In addition to the matters required by chapter 82 of NRS, the
30 articles of incorporation of a regional development corporation must
31 contain:

32 1. In the name of the corporation, the words "a regional development
33 corporation" or the initials "RDC";

34 2. The name and post office box or street address of each political
35 subdivision, and of the eligible economic development organization not for
36 profit, which are the incorporators;

37 3. The names of the members of the board of directors;

38 4. The purposes for which the corporation is organized;

39 5. A statement that the corporation may engage in any lawful activity
40 reasonably related to its purposes, and any desired limitation upon that
41 power; and

- 1 6. An authorization of or prohibition against reconveyance to a
- 2 member of the corporation of real or personal property contributed by the
- 3 member, and any desired restriction upon reconveyance.

1 **Sec. 11.** 1. The number of members of the board of directors of a
2 regional development corporation must be an odd number, not more than
3 11, that is equal to the number of incorporating members or a multiple of
4 the number of incorporating members plus one or two members elected
5 pursuant to subsection 3.

6 2. The governing body of each political subdivision which joined in
7 organizing the corporation shall appoint at least one member to the board
8 of directors and may agree to appoint an equal number of additional
9 members, not to exceed the sum of 11 when combined with the member or
10 members elected pursuant to subsection 3.

11 3. The appointed members shall by a two-thirds vote elect one or two
12 additional members.

13 **Sec. 12.** The purposes for which a regional development corporation
14 is organized must be to:

15 1. Assist, promote, encourage, develop and advance the economic
16 welfare of the affected communities in accordance with their general plans
17 for economic development;

18 2. Facilitate and assist in the location of new business in the affected
19 communities, and to rehabilitate and revitalize existing business;

20 3. Stimulate and assist in the expansion of activity that will tend to
21 promote the development and diversification of business resulting in the
22 economic stability of the affected communities;

23 4. Provide new opportunities for employment in the affected
24 communities; and

25 5. Cooperate and act in conjunction with governmental agencies and
26 public or private organizations whose objectives are the support and
27 advancement of commercial, industrial, agricultural or recreational activity
28 that would advance the economic welfare of the affected communities,
29 promote economic diversification, and effectuate their plans for economic
30 development.

31 **Sec. 13.** 1. Each political subdivision and eligible economic
32 development organization not for profit which joins in the organization of
33 a regional development corporation is a member of the corporation.

34 2. After the formation of a regional development corporation, other
35 political subdivisions, eligible economic development organizations not for
36 profit, quasi-public agencies, including economic development authorities
37 formed by interlocal agreement, corporations whether or not for profit,
38 other business associations, or natural persons may request membership in,
39 and if accepted become members of, the regional development
40 corporation. A member so admitted may not appoint a member of the
41 board of directors.

1 3. The articles of incorporation or bylaws of the regional development
2 corporation must establish:

3 (a) Criteria or procedures for admission, but may not dispense with
4 contribution of assets, personnel or services to the corporation; and

5 (b) The scope of participation for admitted members, which may vary
6 according to the nature of the admitted member.

7 4. An admitted member may be expelled or suspended, or the
8 membership terminated, in accordance with the provisions of NRS 82.251.
9 If a member is admitted for a fixed term, the membership expires at the
10 end of the term.

11 5. If the board of directors determines that the actions of an
12 incorporator require its expulsion or the termination of its membership, the
13 regional development corporation must be dissolved in the manner
14 provided in NRS 82.491 to 82.521, inclusive, for involuntary dissolution.

15 **Sec. 14.** 1. A political subdivision that is an incorporator of a
16 regional development corporation may furnish or exchange personnel,
17 equipment, property or facilities to or with the corporation, and commit
18 itself to the payment of money for the formation and operation of the
19 corporation, to the extent provided in the ordinance adopted pursuant to
20 section 8 of this act.

21 2. After the organization of a regional development corporation, an
22 incorporator or admitted member may contribute by conveying any land,
23 improvements, facilities and public works, or by providing personnel or
24 professional services, to the corporation which its governing body deems
25 necessary or desirable, without charge or competitive disposal. In dividing
26 the assets of a regional development corporation upon dissolution, each
27 member must be credited for the value of all contributions.

28 3. Contributions of real property may be made on the condition that
29 upon dissolution of the corporation, if the contributed real property is still
30 held by the corporation, it will be reconveyed to the contributor, but such a
31 condition is not effective if, because of subsequent development of the
32 property or for any other reason, reconveyance would result in an unfair
33 division of assets among the members.

34 4. Reconveyance of real property or return of personal property to a
35 member is not a distribution of gain or profit to the member for the
36 purposes of NRS 82.136.

37 **Sec. 15.** In a civil action brought against an officer, employee,
38 director or agent of a regional development corporation based on an act or
39 omission related to his duty or employment, the corporation shall provide
40 or reimburse the costs of his defense and indemnify him if a judgment is
41 rendered against him, unless:

- 1 1. He failed to cooperate in good faith in the defense of the action;
- 2 2. The act or omission was not within the scope of his duty to or
- 3 employment with the corporation; or
- 4 3. The act or omission was wanton or malicious.
- 5 **Sec. 16.** This act becomes effective upon passage and approval.

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