

SENATE BILL NO. 309—SENATORS RAWSON, TITUS, JAMES,
NEAL AND SCHNEIDER

MARCH 3, 1999

JOINT SPONSORS: ASSEMBLYMEN GIUNCHIGLIANI AND BUCKLEY

Referred to Committee on Government Affairs

SUMMARY—Provides for establishment of program for issuance of state obligations to provide venture capital for development of business in this state. (BDR 30-69)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: 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 state obligations; providing for the establishment of a program for the issuance of state obligations to provide venture capital for the development of business in this state; 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 hereby declares that the purpose of this act
2 is to benefit the general welfare of the people of this state by improving the
3 state economy through the development of business and opportunities for
4 employment, and finds that this purpose is a charitable purpose within the
5 meaning of section 9 of article 8 of the constitution of the State of Nevada.
6 **Sec. 2.** Chapter 349 of NRS is hereby amended by adding thereto the
7 provisions set forth as sections 3 to 11, inclusive, of this act.
8 **Sec. 3.** *As used in sections 3 to 11, inclusive, of this act, unless the*
9 *context otherwise requires, the words and terms defined in sections 4 to*
10 *8, inclusive, of this act have the meanings ascribed to them in those*
11 *sections.*

1 **Sec. 4.** *“Corporation for public benefit” means a corporation that is*
2 *recognized as exempt pursuant to section 501(c)(3) of the Internal*
3 *Revenue Code of 1986, future amendments to that section and the*
4 *corresponding provisions of future internal revenue laws.*

5 **Sec. 5.** *“Department” means the department of business and*
6 *industry.*

7 **Sec. 6.** *“Director” means the director of the department.*

8 **Sec. 7.** *“Nevada business” means a business that is established and*
9 *operating, or will be established to operate, in this state.*

10 **Sec. 8.** *“Venture capital” means an investment in or loan made to a*
11 *Nevada business.*

12 **Sec. 9.** *The director shall cause to be formed in this state:*

13 1. *An independent corporation for public benefit, that shall serve as*
14 *the sole stockholder of the corporation formed pursuant to subsection 2.*

15 2. *An independent corporation for profit, the general purpose of*
16 *which is to form and act as the general partner of a limited partnership*
17 *to provide venture capital to Nevada businesses to enhance their ability to*
18 *do business in this state.*

19 **Sec. 10.** 1. *Upon application by the director, the state board of*
20 *finance shall issue general obligation bonds of the State of Nevada to*
21 *carry out the provisions of subsection 2. The aggregate amount of all*
22 *outstanding bonds issued pursuant to this section must not exceed*
23 *\$20,000,000. The provisions of the State Securities Law apply to the*
24 *issuance of bonds pursuant to this section.*

25 2. *The expenses related to the issuance of bonds pursuant to this*
26 *section must be paid from the proceeds of the bonds. The director shall*
27 *use the remaining proceeds to loan money to the corporation for public*
28 *benefit created pursuant to subsection 1 of section 9 of this act, pursuant*
29 *to a loan agreement that:*

30 (a) *Requires the corporation for public benefit to use the money to*
31 *provide, through the limited partnership formed by the corporation*
32 *created pursuant to subsection 2 of section 9 of this act, venture capital to*
33 *Nevada businesses to enhance their ability to do business in this state;*

34 (b) *Requires the creation of an escrow for a portion of the loan in an*
35 *account for the benefit of the department that, when the money in the*
36 *escrow is invested for a period of not more than 15 years, will have a*
37 *value equal to or greater than the principal amount of the loan; and*

38 (c) *Provides a rate of interest on the loan in an amount established by*
39 *the director. The director shall establish a rate of interest in an amount*
40 *that, together with any other interest, penalties and other payments*
41 *received from the proceeds of the bonds issued pursuant to this section,*
42 *will be sufficient to pay the interest on the bonds.*

1 **Sec. 11.** *The director, in consultation with the commission on*
2 *economic development shall:*

3 1. *Adopt such regulations as he deems necessary to carry out the*
4 *provisions of sections 3 to 11, inclusive, of this act, including, without*
5 *limitation, the performance of such audits and the submission of such*
6 *reports as he deems appropriate to ensure compliance with the provisions*
7 *of sections 3 to 11, of this act and the regulations adopted pursuant to*
8 *this section. The regulations may include criteria for the eligibility for*
9 *and use of money loaned pursuant to subsection 2 of section 10 of this*
10 *act, but the corporation created pursuant to subsection 2 of section 9 of*
11 *this act must have sole authority for the approval of applications for and*
12 *the management of venture capital provided pursuant to sections 3 to 11,*
13 *inclusive, of this act.*

14 2. *Provide the corporation created pursuant to subsection 1 of*
15 *section 9 of this act with such assistance as is necessary to carry out the*
16 *provisions of sections 3 to 11, inclusive, of this act and comply with the*
17 *regulations adopted pursuant to this section.*

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