

SENATE JOINT RESOLUTION NO. 12—COMMITTEE ON FINANCE

APRIL 17, 1997

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Referred to Committee on Finance

SUMMARY—Proposes to amend Nevada constitution to allow investment of state money to stimulate economic development. (BDR C-1471)

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

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

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SENATE JOINT RESOLUTION—Proposing to amend the Nevada constitution to allow the investment of state money to stimulate economic development.

1 WHEREAS, Emerging competition in other states and federally regulated  
2 territories threatens the long-term growth of the State of Nevada in its vital  
3 gaming industry; and

4 WHEREAS, Financial programs necessary to ensure business expansion  
5 and high-quality job growth do not currently provide the business sector of  
6 this state with adequate access to the types of money and capital essential to  
7 support the growth of a diversified economic base; and

8 WHEREAS, The Nevada constitution currently contains restrictions, based  
9 on conditions existing in the 19th century, that have prevented the  
10 Legislature from considering legislation similar to laws enacted in several  
11 other states which would permit prudently managed investments in public-  
12 private partnerships and corporations designed to provide needed sources of  
13 capital for high-quality, job-creating businesses and low-cost housing  
14 programs within this state that cannot feasibly obtain such financing from  
15 existing private financial markets in an easily accessible and efficient  
16 manner; and

17 WHEREAS, The State of Nevada must remain competitive with other  
18 states in providing the necessary financial tools to attract the types of  
19 businesses and industries that would diversify the economic base of this state  
20 and improve the standard of living for the residents of this state; and

21 WHEREAS, The benefits to be derived from an effort toward strong  
22 economic development throughout this state may be jeopardized if current  
23 restrictions in the Nevada constitution are not replaced with more flexible  
24 and contemporary standards that both protect public investments in economic  
25 development projects and provide access to the type of financing needed to

1 stimulate the growth of businesses and industries throughout this state which  
2 will provide the high-quality jobs, increased property values and enhanced  
3 standard of living desired by Nevadans; now, therefore, be it

4 RESOLVED BY THE SENATE AND ASSEMBLY OF THE STATE OF NEVADA,  
5 JOINTLY, That section 9 of article 8 of the constitution of the State of  
6 Nevada be amended to read as follows:

7 [Sec: 9. The]

8 *Sec. 9. 1. Except as otherwise provided in subsections 2 and 3, the*  
9 *State shall not donate or loan money [,] or its credit [,] to, or subscribe to or*  
10 *be [,] interested in the Stock of any company, association, or corporation .*  
11 *[, except]*

12 *2. The legislature may enact legislation, approved by a vote of two-*  
13 *thirds of the members of each house, to authorize the investment of state*  
14 *money in any company, association or corporation for the purpose of*  
15 *stimulating the economic diversification or development of this state and the*  
16 *creation of new employment opportunities for the residents of this state,*  
17 *subject to the following conditions:*

18 *(a) Before any such investment is authorized, a determination must be*  
19 *made by a person or entity designated in the authorizing legislation that:*

20 *(1) The investment is for the economic development of this state or the*  
21 *creation of new employment opportunities in this state; and*

22 *(2) This state can reasonably expect to achieve a reasonable rate of*  
23 *return on the investment, adjusted for the relative degree of risk.*

24 *(b) Each such investment by this state must be made through a*  
25 *cooperative venture with private investors of reasonable sophistication who*  
26 *participate in the venture on terms that are the same as or less favorable*  
27 *than the terms on which this state is participating.*

28 *Revenue received from investments pursuant to this subsection may be*  
29 *reinvested subject to the same conditions.*

30 *3. The provisions of this section do not apply to corporations formed for*  
31 *educational or charitable purposes.*