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WORK SESSION

Assembly Committee on Government Affairs

PREPARED BY
RESEARCH DIVISION
LEGISLATIVE COUNSEL BUREAU
Nonpartisan Staff of the Nevada State Legislature

ASSEMBLY BILL 85

**Revises provisions governing revenue bonds for industrial development.
(BDR 30-469)**

Sponsored by: Assembly Committee on Government Affairs
On behalf of the Department of Business and Industry
Date Heard: February 18, 2003

Assembly Bill 85 streamlines the procedures for financing certain projects using revenue bonds for industrial development by: (1) raising the cap on the cost of the projects that may be reviewed under the streamlined procedures from \$2.5 million to \$3 million; and (2) opening up the procedure to any industrial development project subject to certain findings relating to sale of the bonds and related matters.

Amendments: Concerns were raised during the hearing about the removal of a finding related to the approval of the Director's findings by the local government. The proposed amendment insures that a local government may stop financing for a project by sending a resolution, within 25 working days after notice of the request for financing, objecting to the project. If the project requires zoning amendments, special use permits, or similar governmental approvals, the objecting resolution may be based on the need for more time to review the project under local zoning and permitting ordinances.

A mock-up of the proposed amendments is attached.

Opposition: None.

Fiscal Impact: Local Government: No
State Government: No

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ASSEMBLY GOVERNMENT AFFAIRS
DATE: 3/20/03 ROOM: 3143 EXHIBIT H, 184
SUBMITTED BY: Susan Scholley

MOCK-UP

PROPOSED AMENDMENT TO
ASSEMBLY BILL NO. 85

PREPARED FOR ASSEMBLY GOVERNMENT AFFAIRS

MARCH 15, 2003

PREPARED BY THE RESEARCH DIVISION

**NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN
CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE
OFFICIAL AMENDMENT MAY DIFFER.**

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

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

- 1 **Section 1.** NRS 349.590 is hereby amended to read as follows:
2 349.590 Except as otherwise provided in NRS 349.640, before
3 financing a project pursuant to subsection 2 of NRS 349.580, the Director
4 and the Board ~~{must also-}~~ *shall, or before financing a project pursuant*
5 *to NRS 349.595, the Director shall:*
6 1. Determine the total amount of money necessary to be provided by
7 the Director for financing the project.
8 2. Except as otherwise provided in this subsection, receive a
9 5-year operating history from the contemplated lessee, purchaser or other
10 obligor or from any other enterprise that will make or guarantee the
11 payment of the principal, premium, if any, and interest on any bonds
12 issued. An operating history is not required if the bonds:
13 (a) Are to be sold only to qualified institutional buyers, as defined in
14 Rule 144A of the Securities and Exchange Commission, 17 C.F.R. §
15 230.144A, in minimum denominations of at least \$100,000; or
16 (b) Will receive a rating within one of the top four rating categories of
17 Moody's Investors Service, Inc., Standard and Poor's Rating Services or
18 Fitch IBCA, Inc.

PROPOSED AMENDMENT TO AB85

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3. Consider whether the contemplated lessee, purchaser, other obligor or other enterprise that will make or guarantee the payment of the principal, premium, if any, and interest on any bonds issued has received within the 12 months preceding the date of the findings of the Director, or then has or has not in effect, a rating within one of the top four rating categories of Moody's Investors Service, Inc., Standard and Poor's Ratings Services or Fitch IBCA, Inc.

4. Identify any existing facilities of a like nature within the county or city in which the project will be located and consider the applicability of paragraph (b) of subsection 1 of NRS 349.565.

5. Consider the extent to which the project is affected by any federal, state or local governmental action, activity, program or development.

6. Consider whether the lessee, purchaser, other obligor or other enterprise of the project has maintained facilities appropriate to the community in this state for 10 years or longer.

Sec. 2. NRS 349.595 is hereby amended to read as follows:

349.595 1. The Director may provide financing for a project pursuant to this section if:

(a) ~~{The financing is limited in amount and purpose to the payment of the costs associated with:~~

~~(1) The acquisition, refurbishing, replacement and installation of equipment for the project; and~~

~~(2) The issuance of bonds pursuant to this section;~~

~~(b) The total amount of the bonds issued pursuant to this section for {a particular} the project does not exceed {\$2,500,000;~~

~~(c) \$3,000,000;~~

(b) The Director determines that the bonds will:

(1) Be sold only to qualified institutional buyers, as defined in Rule 144A of the Securities and Exchange Commission, 17 C.F.R. § 230.144A, in minimum denominations of at least \$100,000; or

(2) Receive a rating within one of the top four rating categories of Moody's Investors Service, Inc., Standard and Poor's Rating Services or Fitch IBCA, Inc.;

~~{(d)} (c) The Director makes the findings set forth in paragraphs (a) {to (e), inclusive}, (b), (d), (e), (g) and (h) of subsection 2 of NRS 349.580 {, and the governing body of the city or county where the project is to be located approves the findings of the Director; and~~

~~(e); and~~

(d) The Director provides notice of a request for the financing of a project pursuant to this section to the governing body of the county or city in which the project is to be located, and has not received a resolution from the governing body objecting to the project within 25 business days the notice is provided; and

(e) The Director complies with the provisions of NRS 349.590 and the guidelines established pursuant to subsection 2.

Amendment proposed by sponsor, as modified by Committee Counsel, to address concern that local governments retain a role in the approval process for such bonds.

- 1 2. The Board shall establish guidelines for the provision of financing
- 2 for a project pursuant to this section.
- 3
- 4 Sec. 3. This act becomes effective upon passage and approval.

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