

SENATE BILL NO. 414—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 29, 2005

Referred to Committee on Government Affairs

SUMMARY—Creates Nevada Economic Resource Investment Fund. (BDR 18-1062)

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; creating the Nevada Economic Resource Investment Fund; providing for a credit against a certain tax imposed on insurers; and providing other matters properly relating thereto.

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

Section 1. Chapter 231 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 18, inclusive, of this act.

Sec. 2. *As used in sections 2 to 18, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 8, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Board” means the Board of Directors of the Fund.*

Sec. 4. *“Commission” means the Commission on Economic Development created by NRS 231.030.*

Sec. 5. *“Credit” means a credit against the tax imposed pursuant to NRS 680B.027.*

Sec. 6. *“Fund” means the Nevada Economic Resource Investment Fund created by section 9 of this act.*

Sec. 7. *“Insurer” has the meaning ascribed to it in NRS 679A.100.*

Sec. 8. *“Manager” means the Manager of the Fund appointed by the Board pursuant to section 12 of this act.*



1 **Sec. 9. 1. The Nevada Economic Resource Investment**
2 *Fund is hereby created within the State Treasury to be*
3 *administered by the Manager.*

4 2. *The Fund consists of:*

5 (a) *Money deposited in the Fund by an insurer pursuant to*
6 *section 13 of this act; and*

7 (b) *Money deposited in the Fund by the Manager pursuant to*
8 *section 13 of this act.*

9 3. *Except as otherwise provided in section 15 of this act:*

10 (a) *The Manager shall invest the money in the Fund pursuant*
11 *to section 14 of this act.*

12 (b) *All interest received on money in the Fund must be*
13 *deposited for credit to the Fund.*

14 **Sec. 10. 1. The Board of Directors of the Fund is hereby**
15 *created.*

16 2. *The Board is composed of:*

17 (a) *Two members appointed by the Governor, one of whom the*
18 *Governor shall designate as the Chairman of the Board;*

19 (b) *The State Treasurer;*

20 (c) *The Chairman of the Commission; and*

21 (d) *After the other members of the Board have appointed the*
22 *Manager pursuant to section 12 of this act, the Manager.*

23 3. *The Board may meet regularly each quarter or more often*
24 *if the Board deems it necessary, and may, within the limits of its*
25 *budget, hold special meetings at the call of the Chairman.*

26 4. *The Board shall prescribe rules for its own management*
27 *and government.*

28 **Sec. 11. The Board shall:**

29 1. *Appoint the Manager pursuant to section 12 of this act;*

30 2. *Approve the deposit of money into the Fund by an insurer*
31 *pursuant to section 13 of this act;*

32 3. *Allocate credits to an insurer that invests in the Fund*
33 *pursuant to section 13 of this act; and*

34 4. *Approve the investment of money from the Fund into an*
35 *eligible business pursuant to section 14 of this act.*

36 **Sec. 12. 1. An applicant for appointment as the Manager**
37 *shall submit written evidence to the Board that:*

38 (a) *The applicant and other persons affiliated with the*
39 *applicant have raised a minimum of \$100,000,000 during the*
40 *preceding 5 years for investment in state or federal economic*
41 *development programs with an emphasis on investing in small and*
42 *emerging businesses;*

43 (b) *The applicant and any person employed by or otherwise*
44 *affiliated with the applicant is not a relative of a public officer of*
45 *the State within the third degree of consanguinity or affinity;*



1 (c) The applicant has written commitments from insurers to
2 deposit a minimum of \$18,750,000 in the Fund; and

3 (d) The applicant will maintain an office in this State for the
4 purpose of managing the Fund.

5 2. The Board shall appoint the Manager of the Fund from
6 the applicants who meet the requirements of subsection 1.

7 **Sec. 13.** 1. An insurer may apply to the Board to deposit
8 money in the Fund.

9 2. Upon the approval of the Board of an insurer to deposit
10 money in the Fund, the insurer may deposit the amount of money
11 approved by the Board in the Fund.

12 3. Upon the deposit of the money of the insurer into the
13 Fund:

14 (a) The Manager shall deposit an amount of money in the
15 Fund equal to 2 1/2 percent of the amount of money deposited by
16 the insurer; and

17 (b) Except as otherwise provided in subsection 4, the Board
18 shall allocate to an insurer credits equal to the amount of money
19 the insurer deposited in the Fund.

20 4. The Board shall not allocate:

21 (a) A total of more than \$6,250,000 in credits to an insurer
22 approved to deposit money in the Fund; and

23 (b) A total of more than \$25,000,000 in credits to all insurers
24 depositing money in the Fund.

25 **Sec. 14.** 1. After the Board has allocated \$25,000,000 in
26 credits pursuant to section 13 of this act, a person may submit a
27 written application to the Manager to receive an investment of
28 money from the Fund. The written application must provide
29 evidence that, at the time money from the Fund will be invested in
30 the person:

31 (a) The principal operations of the person will be located in
32 this State or 75 percent of the employees of the person will be
33 located in this State;

34 (b) The investment of money from the Fund in the person will
35 foster economic development in this State; and

36 (c) For any period in which money from the Fund is invested
37 in the person, the person will maintain the principal operations of
38 the person in this State or 75 percent of the employees of the
39 person will be located in this State.

40 2. The Manager shall review the application of a person for
41 the investment of money from the Fund submitted pursuant to
42 subsection 1. If the Manager determines that a person meets the
43 requirements of subsection 1, the Manager may submit a proposal
44 to the Board for investment of money from the Fund in the
45 person.



3. Not later than 30 days after the Board receives a proposal for investment of money from the Fund from the Manager, the Board shall review the proposal. If the Board determines that the proposal meets the requirements for investment of money from the Fund, the Board may approve the investment of money from the Fund in the person. If the Board fails to review the proposal within 30 days after the proposal is received from the Manager, the proposal shall be deemed to be approved by the Board.

4. Upon the approval of the investment of money from the Fund pursuant to subsection 3, the Manager may invest money from the Fund in the person. Not later than 90 days after the Manager invests money from the Fund pursuant to this subsection, the Manager shall report to the Board:

(a) The name and address of the person in whom the investment was made;

(b) The amount of the investment and a description of the terms of the investment;

(c) The date on which the investment was made; and

(d) Any other information required by the Board.

5. The Manager shall solicit persons to apply for investment of money from the Fund until \$30,000,000 has been invested in persons approved by the Board for investment of money from the Fund pursuant to the provisions of this section. After \$30,000,000 has been invested in persons approved by the Board pursuant to this section, the Manager may solicit persons to apply for investment of money from the Fund as he deems necessary.

Sec. 15. After the Manager has invested \$30,000,000 pursuant to section 14 of this act, the Manager may:

1. Invest money from the Fund in any person without the approval of the Board; and

2. Distribute any gain, profits or dividends realized as a result of the investment of money from the Fund.

Sec. 16. The Manager may assess reasonable charges against the Fund for reimbursement of the expenses which he incurs in administering the Fund not to exceed:

1. An annual fee equal to two percent of the money in the Fund; and

2. An additional amount to cover any income tax required to be paid by the Manager on the annual fee.

Sec. 17. 1. On or before May 31 of each year, the Manager shall submit a report to the Board.

2. The report must include, without limitation:

(a) The amount of money from the Fund invested by the Manager during the previous calendar year; and

(b) An audited financial statement of the Fund.



1 **Sec. 18.** *The Board may adopt regulations to carry out the*
2 *provisions of sections 2 to 18, inclusive, of this act.*

3 **Sec. 19.** Chapter 680B of NRS is hereby amended by adding
4 thereto a new section to read as follows:

5 **1.** *Except as otherwise provided in subsection 2, in the year*
6 *after the year in which an insurer is allocated a credit pursuant to*
7 *sections 2 to 18, inclusive, of this act, and each of the succeeding*
8 *four years, an insurer is entitled to a credit against the tax paid on*
9 *premiums pursuant to NRS 680B.027 in an amount equal to 20*
10 *percent of the credits allocated to the insurer pursuant to sections*
11 *2 to 18, inclusive, of this act.*

12 **2.** *If, during any year an insurer was eligible to use a credit*
13 *pursuant to subsection 1 against the tax paid on premiums*
14 *pursuant to NRS 680B.027, the amount of the credit that the*
15 *insurer was eligible to use exceeded the amount of the liability of*
16 *the insurer pursuant to NRS 680B.027 for that year, the insurer*
17 *may carry forward the unused credit for use in each of the*
18 *succeeding years until the credit is exhausted.*

19 **Sec. 20.** 1. Not later than 2 weeks after the effective date of
20 this act, the Governor shall appoint a Chairman of the Board
21 pursuant to section 10 of this act.

22 2. On or before July 1, 2005, the Board shall appoint a
23 Manager pursuant to section 12 of this act.

24 3. As used in this section:

25 (a) "Board" has the meaning ascribed to it in section 3 of this
26 act.

27 (b) "Manager" has the meaning ascribed to it in section 8 of this
28 act.

29 **Sec. 21.** This act becomes effective upon passage and
30 approval.



