

SENATE BILL NO. 550—COMMITTEE ON FINANCE
(ON BEHALF OF THE DEPARTMENT OF ADMINISTRATION)

MARCH 26, 2007

Referred to Committee on Government Affairs

SUMMARY—Authorizes the issuance of bonds payable from revenue from the disposition of unclaimed property and provides for the use of proceeds from those bonds. (BDR 30-1423)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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 revenue bonds; authorizing the State Board of Finance to issue revenue bonds payable from unclaimed property revenues; requiring that the proceeds of the bonds be used to fund the Research and Development Fund; creating the Research and Development Fund and setting forth its purposes; authorizing the Commission on Economic Development to create a nonprofit corporation to administer the Research and Development Fund; creating the Unclaimed Property Pledged Revenues Fund; revising provisions relating to the transfer of money from the Abandoned Property Trust Fund to the Unclaimed Property Pledged Revenues Fund; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the State Board of Finance to issue and redeem securities on behalf of the State, when such an issue is authorized by law. (NRS 349.071) **Section 7** of this bill authorizes the State Board of Finance to issue revenue bonds and other securities payable from unclaimed property revenues, which are the proceeds from the disposal of unclaimed property pursuant to chapter 120A of NRS.

Section 8 of this bill creates the Research and Development Fund into which the net proceeds of the sale of the securities must be deposited. The money in the Fund must be used to assist in paying the costs of programs of research and



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development conducted by or in conjunction with the Nevada System of Higher Education and to fund research clinics, institutes and laboratories. **Section 9** of this bill requires the Commission on Economic Development to create a nonprofit corporation to administer the Research and Development Fund and provides for the manner in which the corporation must be organized and function.

Section 10 of this bill creates a special revenue fund designated the Unclaimed Property Pledged Revenues Fund which must be funded by the excess money in the Abandoned Property Trust Fund, pursuant to NRS 120A.370. The money in the Unclaimed Property Pledged Revenues Fund must be applied to the payment of amounts payable on the securities issued pursuant to **section 7** of this bill, the funding of any reserve created pursuant to that section, and the funding of any other fund or account required pursuant to that section.

Existing law provides for the disposal of the amount of the balance in the Abandoned Property Trust Fund, requiring a certain amount to be transferred to the Millennium Scholarship Trust Fund and the remainder to the State General Fund. (NRS 120A.370) **Section 11** of this bill adds a requirement that an amount sufficient to make all payments and deposits in connection with the bonds or securities issued pursuant to **section 7** of this bill be transferred into the Unclaimed Property Pledged Revenues Fund.

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

Section 1. Chapter 349 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 10, inclusive, of this act.

Sec. 2. *As used in sections 2 to 10, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 6, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Board” means the State Board of Finance.*

Sec. 4. *“Commission” means the Commission on Economic Development.*

Sec. 5. *“Unclaimed property pledged revenues” means unclaimed property revenues that have been pledged wholly or in part for the payment of bonds or other securities issued pursuant to section 7 of this act.*

Sec. 6. *“Unclaimed property revenues” means the proceeds from the disposal of unclaimed property pursuant to chapter 120A of NRS.*

Sec. 7. 1. *At the request of the Commission, the Board may:*

(a) Issue, as special obligations of the State, revenue bonds or other revenue securities payable from unclaimed property revenues; and

(b) Pledge unclaimed property revenues to the payment of such bonds and securities.



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2. Except for a security issued solely for the purpose of refunding an outstanding security, the Board shall not issue a revenue bond or other revenue security pursuant to this section unless the Commission, by resolution, certifies that the balance of the Abandoned Property Trust Fund created by NRS 120A.370, excluding any reserves therefor, is not less than 125 percent of the amount that would be needed to make the combined maximum principal and interest payments in the next fiscal year for:

(a) All outstanding securities issued pursuant to this section; and

(b) The securities proposed to be issued pursuant to this section in the current fiscal year.

↪ The certification must be based upon the balance of the Abandoned Property Trust Fund after the transfer to the Millennium Scholarship Trust Fund as required by paragraph (a) of subsection 5 of NRS 120A.370, but before any transfers to the Unclaimed Property Pledged Revenues Fund created by section 10 of this act or the State General Fund as required by paragraphs (b) or (c) of subsection 5 of NRS 120A.370. The certification of the Commission is conclusive as to the matters it certifies.

3. The Board shall deposit the net proceeds from the sale of any securities issued pursuant to this section, other than proceeds from the sale of funding or refunding securities, into the Research and Development Fund created pursuant to section 8 of this act.

4. Provisions of the State Securities Law which are not inconsistent with the provisions of sections 2 to 10, inclusive, of this act apply to any bond or other security issued pursuant to this section.

5. As used in this section, "net proceeds" means the proceeds from the sale of any securities issued pursuant to this section remaining after making any required deposits into any reserve or other fund or account created pursuant to the resolution or other instrument authorizing the issuance of the securities, and after the payment of all costs of issuing such securities.

Sec. 8. 1. There is hereby created in the State Treasury the Research and Development Fund, which must be administered by the corporation created by the Commission pursuant to section 9 of this act.

2. The Fund must be administered for the purpose of assisting, through loans or grants, to pay the costs of:

(a) Programs of research and development conducted by a facility or branch of the Nevada System of Higher Education that the corporation determines have the potential to contribute to the economic development of this State, including, without limitation,



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1 *programs intended to attract scientists to this State to engage in*
2 *research and development with such potential.*

3 *(b) Research laboratories and related equipment located, or to*
4 *be located, in the State for the use of a facility or branch of the*
5 *Nevada System of Higher Education.*

6 *(c) Publicly owned infrastructure necessary or desirable for*
7 *new or expanded research clinics, institutes and laboratories and*
8 *related buildings and equipment located, or to be located, in the*
9 *State.*

10 *(d) Research clinics, institutes and laboratories and related*
11 *buildings and equipment located in the State and owned and*
12 *operated by corporations formed for educational or charitable*
13 *purposes which are done in partnership or affiliation with a*
14 *facility or branch of the Nevada System of Higher Education.*
15 *Such assistance, if not provided for a facility or branch of the*
16 *Nevada System of Higher Education, must be in the form of a*
17 *loan only to entities in partnership with, or that have an affiliation*
18 *with, the Nevada System of Higher Education on such terms as*
19 *the corporation created pursuant to section 9 of this act deems*
20 *appropriate and may include loans to refinance existing*
21 *borrowing used for research clinics, institutes and laboratories*
22 *and related buildings and equipment located in the State and used*
23 *for projects that are done in partnership with a facility or branch*
24 *of the Nevada System of Higher Education.*

25 *(e) Research clinics, institutes and laboratories and related*
26 *buildings and equipment located in the State, but if such research*
27 *clinics, institutes and laboratories and related buildings and*
28 *equipment are not owned and operated by a facility or branch of*
29 *the Nevada System of Higher Education, any agency or*
30 *department of the State, or any political subdivision thereof, such*
31 *assistance must be in the form of a loan only to entities in*
32 *partnership with, or that have an affiliation with, the Nevada*
33 *System of Higher Education on such terms as the corporation*
34 *created pursuant to section 9 of this act deems appropriate. Before*
35 *any such assistance may be made available to an entity other than*
36 *the Nevada System of Higher Education, an agency or department*
37 *of the State, a political subdivision thereof or corporations formed*
38 *for education or charitable purposes, the use of such money to*
39 *make such assistance must be determined by a court of competent*
40 *jurisdiction in a case brought under chapter 43 of NRS or*
41 *otherwise to be in compliance with the provisions of the Nevada*
42 *Constitution, including, without limitation, Section 9 of Article 8*
43 *of the Nevada Constitution.*

44 *3. Any revenue earned by the corporation created by the*
45 *Commission pursuant to section 9 of this act from any*



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1 *infrastructure or improvement paid for with money from the*
2 *Fund, or from any loan or grant of money from the Fund, and*
3 *any interest earned on money in the Fund, must be credited to the*
4 *Fund. Money in the Fund at the end of the fiscal year remains in*
5 *the Fund and does not revert to the State General Fund or any*
6 *other fund.*

7 *4. All claims against the Fund must be approved in a manner*
8 *specified by the nonprofit corporation created by the Commission*
9 *pursuant to section 9 of this act and paid as other claims against*
10 *the State are paid.*

11 **Sec. 9.** *1. The Commission shall create a nonprofit*
12 *corporation for educational and charitable purposes to administer*
13 *the Research and Development Fund created pursuant to section 8*
14 *of this act.*

15 *2. The articles of incorporation of the corporation created*
16 *pursuant to subsection 1 must be filed with the Secretary of State*
17 *as provided in chapter 82 of NRS for other nonprofit corporations*
18 *formed under Nevada law.*

19 *3. The Commission shall name the initial Board of Directors*
20 *of the corporation and shall include among them the president of*
21 *each university in the Nevada System of Higher Education and the*
22 *President of the Desert Research Institute. The Board of Directors*
23 *must consist of not less than 6 persons. The presidents of the*
24 *universities and the Desert Research Institute remain on the*
25 *Board of Directors while they hold their respective offices. The*
26 *initial term of all other directors must be 1 year from the date of*
27 *creation of the nonprofit corporation, but the articles of*
28 *incorporation may be amended by the Board of Directors to*
29 *provide for different terms of office.*

30 *4. The members of the Board of Directors:*

31 *(a) Serve without compensation;*

32 *(b) Shall appoint a successor director whenever there is a*
33 *vacancy on the Board; and*

34 *(c) Shall provide a report on the activities of the nonprofit*
35 *corporation to the Commission semiannually.*

36 *5. The Board of Directors shall adopt and may amend bylaws*
37 *for the nonprofit corporation and may amend the articles of*
38 *incorporation of the corporation in any manner, except that no*
39 *such bylaw or amendment to the articles of incorporation may be*
40 *inconsistent with sections 2 to 10, inclusive, of this act, make the*
41 *corporation ineligible to be a nonprofit corporation under chapter*
42 *82 of NRS or violate any covenant in any securities issued under*
43 *sections 2 to 10, inclusive, of this act.*

44 *6. The Board of Directors may adopt regulations that provide*
45 *for, without limitation:*



1 (a) *The administration of the Research and Development*
2 *Fund; and*

3 (b) *The eligibility for and the terms and conditions of any*
4 *loans or grants made from the Research and Development Fund.*

5 7. *The nonprofit corporation has the power to enter into*
6 *contracts and to sue and be sued and has all other powers of a*
7 *nonprofit corporation under chapter 82 of NRS that are not*
8 *inconsistent with sections 2 to 10, inclusive, of this act or the*
9 *articles of incorporation of the nonprofit corporation.*

10 8. *The nonprofit corporation created in this section is not a*
11 *state agency and is not subject to laws governing state agencies,*
12 *except that:*

13 (a) *The meetings of the Board of Directors are subject to the*
14 *requirements of chapter 241 of NRS;*

15 (b) *The Nevada Ethics in Government Law, NRS 281.411 to*
16 *281.581, inclusive, applies to the nonprofit corporation and its*
17 *Board of Directors;*

18 (c) *The Board of Directors shall adopt regulations in the*
19 *manner provided for the adoption of regulations by a state agency*
20 *under chapter 233B of NRS; and*

21 (d) *The records of the nonprofit corporation must be treated as*
22 *public records as provided in chapter 239 of NRS, except that*
23 *proprietary information consisting of trade secrets and other*
24 *information which, if disclosed to members of the general public,*
25 *may result in a competitive disadvantage for the applicant for a*
26 *grant or loan from the Research and Development Fund that is*
27 *not otherwise available to the public and which the applicant has*
28 *requested be kept confidential must not be disclosed to the public*
29 *except as ordered by a court of competent jurisdiction or as*
30 *required by federal law.*

31 **Sec. 10. 1.** *There is hereby created in the State Treasury a*
32 *special revenue fund designated the Unclaimed Property Pledged*
33 *Revenues Fund.*

34 2. *The money in the Fund must be applied to:*

35 (a) *The payment, when due, of the principal of, interest on or*
36 *any other amounts payable on securities issued pursuant to*
37 *section 7 of this act.*

38 (b) *The funding of any reserve created pursuant to a*
39 *resolution or other instrument authorizing the issuance of*
40 *securities pursuant to section 7 of this act at the times and in the*
41 *manner provided in such instrument.*

42 (c) *The funding of any other fund or account, or the payment*
43 *of any other cost, required to be funded or paid pursuant to the*
44 *resolution or other instrument authorizing the issuance of the*



securities pursuant to section 7 of this act or any other instrument supplemental thereto.

3. All interest and income earned on the money in the Fund must, after any applicable charges are deducted, be credited to the Fund. All claims against the Fund must be paid as other claims against the State are paid.

4. At the end of the fiscal year, after all obligations set forth in subsection 3 for that fiscal year have been satisfied, but before the State Treasurer makes the transfer into the Fund required pursuant to NRS 120A.370, the State Treasurer shall transfer the remaining balance, if any, of the money in the Fund to the State General Fund.

Sec. 11. NRS 120A.370 is hereby amended to read as follows:

120A.370 1. There is hereby created in the State Treasury the Abandoned Property Trust Fund.

2. All money received by the Administrator under this chapter, including the proceeds from the sale of abandoned property, must be deposited by the Administrator in the State Treasury for credit to the Abandoned Property Trust Fund.

3. Before making a deposit, the Administrator shall record the name and last known address of each person appearing from the holders' reports to be entitled to the abandoned property and the name and last known address of each insured person or annuitant, and with respect to each policy or contract listed in the report of an insurance company, its number, the name of the company and the amount due. The record must be available for public inspection at all reasonable business hours.

4. The Administrator may pay from money available in the Abandoned Property Trust Fund:

(a) Any costs in connection with the sale of abandoned property.

(b) Any costs of mailing and publication in connection with any abandoned property.

(c) Reasonable service charges.

(d) Any costs incurred in examining the records of a holder and in collecting the abandoned property.

(e) Any valid claims filed pursuant to this chapter.

5. At the end of each fiscal year, the amount of the balance in the *Abandoned Property Trust* Fund in excess of \$100,500 must be transferred **H** as follows:

(a) The first \$7,600,000 each year must be transferred to the Millennium Scholarship Trust Fund created by NRS 396.926 **H**;

(b) *After making the transfer pursuant to paragraph (a), an amount that is sufficient to make all payments and deposits in connection with any bonds or other securities issued by the State Board of Finance pursuant to section 7 of this act for the*



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1 *immediately following fiscal year must be transferred to the*
2 *Unclaimed Property Pledged Revenues Fund created by section 10*
3 *of this act; and*

4 (c) The remainder must be transferred to the State General Fund,
5 ~~but~~ *and* remains subject to the valid claims of holders pursuant to
6 NRS 120A.340 or owners pursuant to NRS 120A.380 ~~§~~, *but no*
7 *such claim may be satisfied from money in the Millennium*
8 *Scholarship Trust Fund or the Unclaimed Property Pledged*
9 *Revenues Fund or from money transferred or expended from the*
10 *Unclaimed Property Pledged Revenues Fund except money*
11 *transferred therefrom to the State General Fund.*

12 6. If there is an insufficient amount of money in the
13 Abandoned Property Trust Fund to pay any cost or charge pursuant
14 to subsection 4, the State Board of Examiners may, upon the
15 application of the Administrator, authorize a temporary transfer
16 from the State General Fund to the Abandoned Property Trust Fund
17 of an amount necessary to pay those costs or charges. The
18 Administrator shall repay the amount of the transfer as soon as
19 sufficient money is available in the Abandoned Property Trust Fund.

20 **Sec. 12.** Notwithstanding any other provisions of this act, the
21 annual debt service on bonds under this act, net of any accrued or
22 capitalized interest, must not exceed \$5,000,000 per fiscal year in
23 Fiscal Year 2007-2008 or in Fiscal Year 2008-2009.

24 **Sec. 13.** This act becomes effective on July 1, 2007.

