

SENATE BILL NO. 395—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 28, 2011

Referred to Select Committee on Economic
Growth and Employment

SUMMARY—Establishes a technology commercialization plan for Nevada. (BDR 18-906)

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 Research and Business Alliance; prescribing the duties of the governing board of the Alliance; authorizing the State Board of Finance to issue revenue bonds or other securities constituting special obligations of this State to provide funding for certain programs related to the commercialization of research and technology; creating the Research and Business Fund; authorizing the governing board of the Alliance to make grants or loans from the Research and Business Fund to institutions within the Nevada System of Higher Education for certain purposes related to research and the development of technology; creating the Innovation Fund; authorizing the governing board of the Alliance to make grants or loans from the Innovation Fund to local governmental entities which agree to use the grants or loans to provide funding for certain activities related to research and the commercialization of technology by private businesses; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 This bill establishes a technology commercialization plan for this State.
- 2 **Sections 10, 11 and 12** of this bill establish the structure governing the technology
- 3 commercialization plan. **Section 10** creates the Nevada Research and Business
- 4 Alliance to be governed by a governing board. **Section 11** requires the governing
- 5 board of the Alliance to consist of: (1) the presidents of the universities within the
- 6 Nevada System of Higher Education; (2) the president of the Desert Research



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Institute; (3) three members appointed by the Governor; (4) two members appointed by the Commission on Economic Development; and (5) one member appointed by the board of trustees of the Nevada Institute for Renewable Energy Commercialization. Under **section 11**, the Executive Director of the Commission on Economic Development must provide administrative support for the governing board. **Section 12** prescribes the duties of the governing board of the Alliance which include, without limitation, (1) establishing economic development goals for the programs conducted by the Alliance; (2) adopting regulations to establish the procedures for applying for the grants and loans provided by the Alliance and the criteria for awarding such grants and loans; and (3) monitoring the use of the grants and loans provided by the Alliance and reporting to the Governor and the Legislature concerning the use of those grants and loans.

Sections 13-17 of this bill establish the programs to be conducted by the governing board of the Alliance. **Section 13** authorizes the State Board of Finance to issue revenue bonds and other securities constituting special obligations of the State and require the net proceeds from the sale of the bonds or other securities to be divided equally between the Research and Business Fund and the Innovation Fund. Before issuing such bonds or securities, the State Board of Finance must determine that sufficient revenue will be available in the Research and Business Fund and the Innovation Fund to pay the interest and installments of principal as they become due. **Sections 14 and 16** create the Research and Business Fund and the Innovation Fund as enterprise funds and provide that money in these funds does not revert to the State General Fund or any other fund. **Section 15** authorizes the governing board of the Alliance to make grants or loans from the Research and Business Fund to institutions within the Nevada System of Higher Education to provide funding for: (1) programs of research and development; (2) research clinics, facilities and laboratories; and (3) publicly owned infrastructure necessary or desirable to support research clinics, facilities and laboratories. Revenue earned by the Alliance from these activities must be deposited in the Research and Business Fund. **Section 17** authorizes the governing board of the Alliance to make grants or loans from the Innovation Fund to local governmental entities that agree to use the grant or loan to assist in paying the costs of: (1) certain technology commercialization and research activities conducted by private businesses; and (2) publicly owned infrastructure necessary or desirable to support certain research activities. Revenue earned by the Alliance from these activities must be deposited in the Innovation Fund.

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 17, inclusive, of this act.

Sec. 2. *As used in sections 2 to 17, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 9, inclusive, of this act, have the meanings ascribed to them in those sections.*

Sec. 3. *“Alliance” means the Nevada Research and Business Alliance created by section 10 of this act.*

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



1 **Sec. 5.** *“Executive Director” means the Executive Director*
2 *of the Commission.*

3 **Sec. 6.** *“Governing board” means the governing board of the*
4 *Alliance.*

5 **Sec. 7.** *“Innovation Fund” means the fund created by*
6 *section 16 of this act.*

7 **Sec. 8.** *“Research and Business Fund” means the fund*
8 *created by section 14 of this act.*

9 **Sec. 9.** *“Research universities” means the University of*
10 *Nevada, Las Vegas, and the University of Nevada, Reno.*

11 **Sec. 10.** *There is hereby created the Nevada Research and*
12 *Business Alliance. The governing board is the head of the*
13 *Alliance.*

14 **Sec. 11.** 1. *The governing board consists of the presidents*
15 *of the research universities, the president of the Desert Research*
16 *Institute and six members appointed in the following manner:*

17 (a) *Three members appointed by the Governor;*

18 (b) *Two members appointed by the Commission; and*

19 (c) *One member appointed by the board of trustees of the*
20 *Nevada Institute for Renewable Energy Commercialization.*

21 2. *Each appointed member of the governing board shall serve*
22 *a term of 4 years. The terms of the initial members must be*
23 *staggered by lot so that half of the initial appointed members serve*
24 *a term of 2 years and half of the initial members serve a term of 4*
25 *years. An appointed member of the governing board may not serve*
26 *more than two full consecutive terms.*

27 3. *Vacancies in the appointed positions on the governing*
28 *board must be filled by the appointing authority for the unexpired*
29 *term.*

30 4. *The Governor shall select the chair of the governing board*
31 *who shall serve a term of 1 year.*

32 5. *The Executive Director is the nonvoting secretary of the*
33 *governing board.*

34 6. *The governing board shall meet at least quarterly and may*
35 *meet more frequently at the request of a majority of the members*
36 *of the governing board.*

37 7. *A majority of the members of the governing board*
38 *constitutes a quorum for the transaction of business, and a*
39 *majority of those members present at any meeting is sufficient for*
40 *any official action taken by the governing board.*

41 8. *Members of the governing board serve without*
42 *compensation. If sufficient money is available, members are*
43 *entitled to travel allowances provided for state officers and*
44 *employees generally while attending meetings of the governing*
45 *board.*



1 **9. The Executive Director shall provide administrative and**
2 **staff support to the governing board.**

3 **Sec. 12. 1. The governing board shall:**

4 **(a) Ensure that grants and loans made pursuant to sections 15**
5 **and 17 of this act are used appropriately, effectively and efficiently**
6 **in accordance with the intent of the Legislature.**

7 **(b) In cooperation with the administration of the research**
8 **universities and the Desert Research Institute, expand science and**
9 **technology research at the research universities and the Desert**
10 **Research Institute.**

11 **(c) Enhance the transfer of technology and the**
12 **commercialization of research and technologies developed at the**
13 **research universities and the Desert Research Institute to create**
14 **high-quality jobs and new industries in the private sector in this**
15 **State.**

16 **(d) Establish economic development objectives for the**
17 **programs set forth in sections 2 to 17, inclusive, of this act.**

18 **(e) Adopt regulations establishing procedures for the making**
19 **of grants and loans pursuant to sections 15 and 17 of this act and**
20 **the criteria for making such grants and loans.**

21 **(f) Verify that the programs established pursuant to sections 2**
22 **to 17, inclusive, of this act are being enhanced by research grants**
23 **and that such programs are meeting the governing board's**
24 **economic development objectives.**

25 **(g) Monitor the use of grants and loans made pursuant to**
26 **sections 15 and 17 of this act to determine that the grants and**
27 **loans are being used in accordance with legislative intent and to**
28 **maximize the benefit and return to this State.**

29 **(h) Develop methods and incentives to encourage investment**
30 **in and contributions to the programs established pursuant to**
31 **sections 2 to 17, inclusive, of this act, from the private sector.**

32 **(i) On or before November 1 of each year, submit a report of**
33 **its activities to the Governor and to the Director of the Legislative**
34 **Counsel Bureau for transmittal to the Interim Finance**
35 **Committee, if the report is received during an odd-numbered year,**
36 **or to the next session of the Legislature, if the report is received**
37 **during an even-numbered year. The report must include, without**
38 **limitation:**

39 **(1) The achievement of the objectives and duties set forth in**
40 **sections 2 to 17, inclusive, of this act;**

41 **(2) Its annual expenditure of funds; and**

42 **(3) Nonreverting balances in the Research and Business**
43 **Fund and the Innovation Fund.**

44 **2. The governing board may:**



1 (a) *In addition to money received from the issuance of bonds*
2 *or securities pursuant to section 13 of this act, apply for and*
3 *receive grants, gifts and donations from public and private*
4 *sources, including, without limitation, the Federal Government, to*
5 *carry out the objectives of the programs established pursuant to*
6 *sections 2 to 17, inclusive, of this act;*

7 (b) *Subject to any restrictions imposed by the grant, gift,*
8 *donation or appropriation, allocate money received by it among*
9 *the Research and Business Fund and the Innovation Fund; and*

10 (c) *Enter into any agreements necessary to obtain private*
11 *equity investment in the programs established pursuant to sections*
12 *2 to 17, inclusive, of this act.*

13 **Sec. 13.** 1. *At the request of the governing board, the State*
14 *Board of Finance may issue revenue bonds or other securities*
15 *constituting special obligations of this State for the purposes set*
16 *forth in sections 2 to 17, inclusive, of this act. Before any revenue*
17 *bonds are issued pursuant to this subsection, the State Board of*
18 *Finance must determine that sufficient revenue will be available*
19 *in the Research and Business Fund and the Innovation Fund to*
20 *pay the interest and installments of principal as they become due.*
21 *The provisions of NRS 349.150 to 349.364, inclusive, which are*
22 *not inconsistent with the provisions of sections 2 to 17, inclusive,*
23 *of this act apply to the issuance of state securities pursuant to this*
24 *subsection.*

25 2. *The State Board of Finance shall deposit one-half of the*
26 *net proceeds from the sale of any securities issued pursuant to this*
27 *section into the Research and Business Fund and one-half of the*
28 *net proceeds from the sale of any securities issued pursuant to this*
29 *section into the Innovation Fund.*

30 **Sec. 14.** 1. *The Research and Business Fund is hereby*
31 *created. Money in the Fund may not revert to the State General*
32 *Fund or be transferred to any other fund. The interest and income*
33 *earned on money in the Research and Business Fund must be*
34 *credited to the Fund.*

35 2. *The Research and Business Fund must be used for the:*

36 (a) *Deposit of revenue resulting from any grants or loans*
37 *made pursuant to section 15 of this act or any other activity*
38 *conducted pursuant to that section.*

39 (b) *Payment of the expenses relating to the operation of the*
40 *Alliance in accordance with the provisions of chapter 353 of NRS.*

41 (c) *The purposes set forth in section 15 of this act.*

42 (d) *Repayment of bonds and any other securities issued*
43 *pursuant to section 13 of this act for which money in the Research*
44 *and Business Fund has been pledged.*



3. All claims against the Research and Business Fund must be paid as other claims against the State are paid.

Sec. 15. 1. The governing board may use money in the Research and Business Fund to make grants or loans to a branch or facility to provide funding for:

(a) Programs of research and development conducted by the branch or facility which the governing board determines to have the potential to contribute to the economic development of this State, including, without limitation, programs to attract scientists to this State to engage in such research and development.

(b) Research laboratories and related equipment located or to be located in this State for the use of the branch or facility.

(c) Infrastructure which is publicly owned and necessary or desirable to support new or expanded research clinics, institutes and laboratories and related buildings and equipment.

(d) Research clinics, institutes, facilities, and laboratories and any related buildings and equipment located or to be located in this State.

↪ A loan or grant to a branch or facility for the purposes set forth in this subsection may include, without limitation, a loan or grant to refinance an outstanding debt incurred for research clinics, institutes, facilities, and laboratories and any related building and equipment.

2. As used in this section, "branch or facility" means the universities, state colleges, community colleges and any branch or facility of the Nevada System of Higher Education.

Sec. 16. 1. The Innovation Fund is hereby created. Money in the Innovation Fund may not revert to the State General Fund or be transferred to any other fund. The interest and income earned on money in the Innovation Fund must be credited to the Fund.

2. The Innovation Fund must be used for the:

(a) Deposit of revenue resulting from the activities conducted pursuant to section 17 of this act.

(b) Payment of the expenses relating to the operation of the Alliance in accordance with the provisions of chapter 353 of NRS.

(c) The purposes set forth in section 17 of this act.

(d) Repayment of bonds and any other securities issued pursuant to section 13 of this act for which money in the Innovation Fund has been pledged.

3. All claims against the Innovation Fund must be paid as other claims against the State are paid.

Sec. 17. The governing board may use money in the Innovation Fund to make grants or loans to local governmental



1 *entities which agree to use the grant or loan to assist in paying the*
2 *costs of:*

3 *1. Programs of commercialization and market creation*
4 *conducted by a private business which the governing board and*
5 *the local governmental entity determine to have the potential to*
6 *contribute to the economic development of the locality served by*
7 *the local governmental entity.*

8 *2. The research laboratories, equipment for research*
9 *laboratories and office space of a private business which is:*

10 *(a) Located or to be located in this State; and*

11 *(b) Used by the private business for company incubation and*
12 *technology prototyping.*

13 *3. Infrastructure which is publicly owned and necessary or*
14 *desirable to support new or expanded research clinics, institutes*
15 *and laboratories and related buildings and equipment.*

16 **Sec. 18.** This act becomes effective upon passage and
17 approval.

