

ASSEMBLY BILL NO. 61—COMMITTEE ON TAXATION

(ON BEHALF OF THE OFFICE OF ECONOMIC DEVELOPMENT)

PREFILED DECEMBER 20, 2012

Referred to Committee on Taxation

SUMMARY—Makes various changes relating to economic development. (BDR 18-291)

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 economic development; revising various provisions relating to regional development authorities; requiring the Board of Economic Development to approve certain contracts entered into by the Office of Economic Development; revising the duties of the Executive Director of the Office; abolishing the Interagency Committee for Coordinating Tourism and Economic Development and the Advisory Council on Economic Development; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

The Office of Economic Development and the Executive Director of the Office of Economic Development exist within the Office of the Governor and are responsible for developing and carrying out the State Plan for Economic Development. (NRS 231.043, 231.053) This bill proposes to make numerous changes relating to economic development.

Under current law, entities seeking to receive partial tax abatements must apply to the Office for approval. (NRS 274.310, 274.320, 274.330, 360.750) **Section 1** of this bill requires entities whose cumulative partial tax abatements for the immediately preceding 2 years plus the partial tax abatement that is being requested equals \$250,000 or more to seek the approval of the Board of Economic Development. **Section 1** also specifies that entities whose cumulative partial tax abatements for the immediately preceding 2 years plus the partial tax abatement that is being requested equals less than \$250,000 must seek the approval of the Executive Director.

Under current law, regional development authorities are organizations that have been designated by the Executive Director and are local governmental entities,



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private nonprofit entities or are composed solely of two or more local governmental entities. (NRS 231.009) **Section 2** of this bill deletes the requirement that an organization must be a local governmental entity or group of two or more local governmental entities or a private nonprofit entity in order to be designated as a regional development authority.

Under existing law, the Board is composed of 11 members, including the Governor, the Lieutenant Governor and the Secretary of State or their designees and a member appointed by the Department of Employment, Training and Rehabilitation from the membership of the Governor's Workforce Investment Board. (NRS 231.033) **Section 3** of this bill revises the provisions authorizing the Governor, the Lieutenant Governor and the Secretary of State to choose designees and requires that the Director of the Department of Employment, Training and Rehabilitation serve on the Board instead of appointing a member.

Under existing law, the Executive Director is required to designate as many regional development authorities as he or she deems appropriate to implement the State Plan for Economic Development. The Executive Director is also authorized to remove the designation of any previously designated regional development authority if he or she determines that such action would aid in the implementation of the State Plan for Economic Development. (NRS 231.053) **Section 4** of this bill authorizes the Executive Director to void any contract entered into between the Office and a regional development authority after removing the designation of that regional development authority.

Under existing law, the Office is required to coordinate and oversee all economic development programs to ensure such programs are consistent with the State Plan for Economic Development, including reviewing, analyzing and making recommendations for approval or disapproval of abatements. (NRS 231.055) **Section 5** of this bill removes the requirement that the Office review, analyze and make recommendations for approval or disapproval of abatements.

Existing law requires the Office to develop a State Plan for Inland Ports which includes a comprehensive plan for the physical development of inland ports which promotes, encourages, and aids in the development of the economic interests in this State. (NRS 231.075) **Section 6** of this bill deletes that requirement.

Under existing law, local governmental entities may apply for a grant or loan of money from the Catalyst Fund if the local governmental entity or entities are designated as a regional development authority. The Executive Director is required to review each application and, if he or she determines that approval of the application would promote economic development in this State, may approve the application and make a grant or loan of money from the Catalyst Fund. (NRS 231.1577) **Section 7** of this bill authorizes counties or incorporated cities which are not designated as regional development authorities to apply for a grant or loan of money from the Catalyst Fund. **Section 7** also requires the Executive Director to review any application for a grant or a loan from the Catalyst Fund that requests more than \$100,000. **Section 9** of this bill abolishes the Interagency Committee for Coordinating Tourism and Economic Development and the Advisory Council on Economic Development.



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 a new section to read as follows:

1. For the purpose of any partial tax abatement which the Office is required or authorized to approve, the Office shall be deemed to have approved the partial tax abatement:

(a) Upon approval by the Board for partial tax abatements with a projected value to a single entity of \$250,000 or more; and

(b) Upon approval by the Director for partial tax abatements with a projected value to a single entity of less than \$250,000.

2. For the purposes of this section, "projected value" means the dollar value of the abatement requested by an entity plus the accumulated value of all tax abatements received by that entity for the immediately preceding 2 years.

Sec. 2. NRS 231.009 is hereby amended to read as follows:

231.009 "Regional development authority" means an organization for economic development which is ~~†~~

~~1. A local governmental entity, composed solely of two or more local governmental entities or a private nonprofit entity; and~~

~~2. Designated† designated~~ by the Executive Director as a regional development authority pursuant to subsection 4 of NRS 231.053.

Sec. 3. NRS 231.033 is hereby amended to read as follows:

231.033 1. There is hereby created the Board of Economic Development, consisting of:

(a) The following voting members:

(1) The Governor ; ~~for his or her designee;†~~

(2) The Lieutenant Governor ; ~~for his or her designee;†~~

(3) The Secretary of State ; ~~for his or her designee;†~~ and

(4) Six members who must be selected from the private sector and appointed as follows:

(I) Three members appointed by the Governor;

(II) One member appointed by the Speaker of the Assembly;

(III) One member appointed by the Majority Leader of the Senate; and

(IV) One member appointed by the Minority Leader of the Assembly or the Minority Leader of the Senate. The Minority Leader of the Senate shall appoint the member for the initial term, the Minority Leader of the Assembly shall appoint the member for the next succeeding term, and thereafter, the authority to appoint the member for each subsequent term alternates between the Minority Leader of the Assembly and the Minority Leader of the Senate.



(b) The following nonvoting members:

(1) The Chancellor of the Nevada System of Higher Education or his or her designee; and

(2) ~~{One member appointed by}~~ *The Director of* the Department of Employment, Training and Rehabilitation . ~~{from the membership of the Governor's Workforce Investment Board.}~~

2. In appointing the members of the Board described in subsection 1, the appointing authorities shall coordinate the appointments when practicable so that the members of the Board represent the diversity of this State, including, without limitation, different strategically important industries, different geographic regions of this State and different professions.

3. The Governor ~~{or his or her designee}~~ shall serve as the Chair of the Board.

4. Except as otherwise provided in this subsection, the members of the Board appointed pursuant to subparagraph (4) of paragraph (a) of subsection 1 ~~{and subparagraph (2) of paragraph (b) of subsection 1}~~ are appointed for terms of 4 years. The initial members of the Board shall by lot select three of the initial members of the Board appointed pursuant to subparagraph (4) of paragraph (a) of subsection 1 to serve an initial term of 2 years.

5. *The Governor, the Lieutenant Governor or the Secretary of State may designate a person to serve as a member of the Board for the Governor, Lieutenant Governor or Secretary of State, respectively. Any person designated to serve pursuant to this subsection shall serve for the term of the officer appointing him or her and serves at the pleasure of that officer.* Vacancies in the appointed positions on the Board must be filled by the appointing authority for the unexpired term.

6. The Executive Director shall serve as the nonvoting Secretary of the Board.

7. A majority *of the voting members* of the Board constitutes a quorum, and a majority of ~~{the Board}~~ *those voting members* is required to exercise any power conferred on the Board.

8. The Board shall meet at least once each quarter but may meet more often at the call of the Chair . ~~{or a majority of the members of the Board.}~~

9. The members of the Board serve without compensation but are entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally while engaged in the official business of the Board.

Sec. 4. NRS 231.053 is hereby amended to read as follows:

231.053 After considering any pertinent advice and recommendations of the Board, the Executive Director:



1 1. Shall direct and supervise the administrative and technical
2 activities of the Office.

3 2. Shall develop and may periodically revise a State Plan for
4 Economic Development, which must include a statement of:

5 (a) New industries which have the potential to be developed in
6 this State;

7 (b) The strengths and weaknesses of this State for business
8 incubation;

9 (c) The competitive advantages and weaknesses of this State;

10 (d) The manner in which this State can leverage its competitive
11 advantages and address its competitive weaknesses;

12 (e) A strategy to encourage the creation and expansion of
13 businesses in this State and the relocation of businesses to this State;
14 and

15 (f) Potential partners for the implementation of the strategy,
16 including, without limitation, the Federal Government, local
17 governments, local and regional organizations for economic
18 development, chambers of commerce, and private businesses,
19 investors and nonprofit entities.

20 3. Shall develop criteria for the designation of regional
21 development authorities pursuant to subsection 4.

22 4. Shall designate as many regional development authorities
23 for each region of this State as the Executive Director determines to
24 be appropriate to implement the State Plan for Economic
25 Development. In designating regional development authorities, the
26 Executive Director must consult with local governmental entities
27 affected by the designation. The Executive Director may, if he or
28 she determines that such action would aid in the implementation of
29 the State Plan for Economic Development, remove the designation
30 of any regional development authority previously designated
31 pursuant to this section **and declare void any contract between**
32 **the Office and that regional development authority.**

33 5. Shall establish procedures for entering into contracts with
34 regional development authorities to provide services to aid, promote
35 and encourage the economic development of this State.

36 6. May apply for and accept any gift, donation, bequest, grant
37 or other source of money to carry out the provisions of NRS
38 231.020 to 231.139, inclusive, and 231.1573 to 231.1597, inclusive.

39 7. May adopt such regulations as may be necessary to carry out
40 the provisions of NRS 231.020 to 231.139, inclusive, and 231.1573
41 to 231.1597, inclusive.

42 8. In a manner consistent with the laws of this State, may
43 reorganize the programs of economic development in this State to
44 further the State Plan for Economic Development. If, in the opinion
45 of the Executive Director, changes to the laws of this State are



1 necessary to implement the economic development strategy for this
2 State, the Executive Director must recommend the changes to
3 the Governor and the Legislature.

4 **Sec. 5.** NRS 231.055 is hereby amended to read as follows:

5 231.055 Under the direction of the Executive Director, the
6 Office:

7 1. Shall provide administrative and technical support to the
8 Board.

9 2. Shall support the efforts of the Board, the regional
10 development authorities designated by the Executive Director
11 pursuant to subsection 4 of NRS 231.053 and the private sector to
12 encourage the creation and expansion of businesses in Nevada and
13 the relocation of businesses to Nevada.

14 3. Shall coordinate and oversee all economic development
15 programs in this State to ensure that such programs are consistent
16 with the State Plan for Economic Development developed by the
17 Executive Director pursuant to subsection 2 of NRS 231.053,
18 including, without limitation:

19 (a) Coordinating the economic development activities of
20 agencies of this State, local governments in this State and local and
21 regional organizations for economic development to avoid
22 duplication of effort or conflicting efforts;

23 (b) Working with local, state and federal authorities to
24 streamline the process for obtaining abatements, financial
25 incentives, grants, loans and all necessary permits and licenses for
26 the creation or expansion of businesses in Nevada or the relocation
27 of businesses to Nevada; and

28 (c) Reviewing, analyzing and making recommendations for the
29 approval or disapproval of applications for ~~abatements,~~ financial
30 incentives, development resources, and grants and loans of money
31 provided by the Office.

32 4. May:

33 (a) Participate in any federal programs for economic
34 development that are consistent with the State Plan for Economic
35 Development developed by the Executive Director pursuant to
36 subsection 2 of NRS 231.053; and

37 (b) When practicable and authorized by federal law, act as the
38 agency of this State to administer such federal programs.

39 **Sec. 6.** NRS 231.075 is hereby amended to read as follows:

40 231.075 1. The Office of Economic Development shall:

41 (a) ~~Develop a State Plan for Inland Ports. The Plan must~~
42 ~~include, without limitation:~~

43 ~~(1) A comprehensive, long term general plan for the physical~~
44 ~~development of inland ports which promotes, encourages and aids in~~
45 ~~the development of the economic interests of this State.~~



~~—— (2) Requirements for the creation of inland ports for the purposes of the Inland Port Authority Act which affect economic and industrial development.~~

~~—(b)—~~ Promote, encourage and aid in the development of inland ports in this State.

~~((e))~~ *(b)* Identify sources of financing to assist local governments in developing or expanding inland ports.

~~((d))~~ *(c)* Encourage and assist local governments in planning and preparing projects for inland ports.

~~((e))~~ *(d)* Promote close cooperation between local governments, other public agencies and private persons that have an interest in creating, operating or maintaining inland ports in the State.

2. As used in this section, "inland port" has the meaning ascribed to it in NRS 277B.050.

Sec. 7. NRS 231.1577 is hereby amended to read as follows:

231.1577 1. The Executive Director shall, after considering the advice and recommendations of the Board, establish procedures for applying to the Office for ~~{a development resource or}~~ a grant or loan of money from the Catalyst Fund created by NRS 231.1573. The procedures must:

(a) Include, without limitation, a requirement that applications for ~~{development resources,}~~ grants or loans must set forth:

(1) The proposed use of the ~~{development resource,}~~ grant or loan;

(2) The plans, projects and programs for which the ~~{development resource,}~~ grant or loan will be used;

(3) The expected benefits of the ~~{development resource,}~~ grant or loan; and

(4) A statement of the short-term and long-term impacts of the use of the ~~{development resource,}~~ grant or loan; and

(b) Allow an applicant to revise his or her application upon the recommendation of the Executive Director.

2. In accordance with the procedures established pursuant to subsection 1 and subject to the requirements of this subsection:

(a) A regional development authority which is a local government or composed solely of two or more local governmental entities; ~~{or}~~

(b) A private nonprofit regional development authority acting in partnership with a regional development authority which is a local government or composed solely of two or more local governments ~~{or}~~ ; or

(c) Any county or incorporated city in this State,

➡ may apply for a grant or loan of money from the Catalyst Fund. If a private nonprofit regional development authority acting in partnership with a regional development authority which is a local



1 government or composed solely of two or more local governments
2 applies for a grant or loan of money from the Catalyst Fund, the
3 regional development authority which is a local government or
4 composed solely of two or more local governments must be the
5 entity which submits the application and receives and distributes the
6 grant or loan.

7 ~~3. In accordance with the procedures established pursuant to~~
8 ~~subsection 1 and subject to the requirements of this subsection, a~~
9 ~~regional development authority may apply for a development~~
10 ~~resource. A private nonprofit regional development authority~~
11 ~~applying for a development resource which is a grant or loan of~~
12 ~~money must apply in partnership with a regional development~~
13 ~~authority which is a local government or composed solely of two or~~
14 ~~more local governments. Any development resource which is a~~
15 ~~grant or loan of money must be received and distributed by the~~
16 ~~regional development authority which is a local government or~~
17 ~~composed solely of two or more local governments.~~

18 ~~—4.—~~ Upon receipt of an application pursuant to subsection 2, ~~for~~
19 ~~3.—~~ the Executive Director shall review the application and
20 determine whether the approval of the application would promote
21 the economic development of this State and aid the implementation
22 of the State Plan for Economic Development developed by the
23 Executive Director pursuant to subsection 2 of NRS 231.053. If the
24 Executive Director determines that approving the application will
25 promote the economic development of this State and aid the
26 implementation of the State Plan for Economic Development, the
27 Executive Director may approve the application and ~~provide a~~
28 ~~development resource or~~ make a grant or loan of money from the
29 Catalyst Fund to the applicant ~~+~~.

30 ~~—5.—~~ *if the applicant is requesting \$100,000 or less. If the*
31 *applicant is requesting more than \$100,000, the Board may*
32 *approve the application and make a grant or loan of money from*
33 *the Catalyst Fund to the applicant.*

34 4. Except as otherwise provided in this subsection or another
35 specific statute, each ~~{development resource or}~~ grant or loan of
36 money from the Catalyst Fund which the Office provides to a
37 regional development authority must be used to provide
38 ~~{development resources,}~~ grants or loans to or to make investments
39 in, businesses seeking to create or expand in this State or relocate to
40 this State. The Executive Director may provide ~~{a development~~
41 ~~resource or}~~ a grant or loan of money to a regional development
42 authority to be used for administrative or operating purposes, but no
43 money from the Catalyst Fund may be used by any organization for
44 economic development for such purposes.



1 ~~16-1~~ 5. After considering the advice and recommendations of
2 the Board, the Executive Director shall:

3 (a) Require each regional development authority to which the
4 Executive Director proposes to provide a ~~{development resource or~~
5 ~~a}~~ grant or loan of money from the Catalyst Fund to enter into an
6 agreement with the Executive Director that sets forth terms and
7 conditions of the ~~{development resource,}~~ grant or loan, which must
8 include, without limitation, a provision requiring the regional
9 development authority to enter into a separate agreement with each
10 business to which the regional development authority provides any
11 portion of the ~~{development resource,}~~ grant or loan which requires
12 the business to return the ~~{development resource,}~~ grant or loan
13 to the Office if it is not used in accordance with the agreement
14 between the regional development authority and the Executive
15 Director.

16 (b) Establish the requirements for reports from regional
17 development authorities concerning the use of ~~{development~~
18 ~~resources and}~~ grants and loans of money from the Catalyst Fund.
19 The requirements must include, without limitation, a requirement
20 that the recipient of a grant or loan of money include in such a
21 report:

22 (1) A description of each activity undertaken with money
23 from the grant or loan and the amount of money used for each such
24 activity;

25 (2) The return on the money provided by the grant or loan;

26 (3) A statement of the benefit to the public from the grant or
27 loan; and

28 (4) Such documentation as the Executive Director deems
29 appropriate to support the information provided in the report.

30 ~~17-1~~ 6. On or before November 1, 2012, and on or before
31 November 1 of every year thereafter, the Executive Director shall
32 submit a report to the Governor and to the Director of the
33 Legislative Counsel Bureau for transmittal to the Interim Finance
34 Committee, if the report is received during an odd-numbered year,
35 or to the next session of the Legislature, if the report is received
36 during an even-numbered year. The report must include, without
37 limitation:

38 (a) The amount of grants and loans awarded from the Catalyst
39 Fund;

40 (b) The amount of all grants, gifts and donations to the Catalyst
41 Fund from public and private sources;

42 (c) The number of businesses which have been created or
43 expanded in this State, or which have relocated to this State, because
44 of grants and loans from the Catalyst Fund; and



(d) The number of jobs which have been created or saved because of grants and loans from the Catalyst Fund.

Sec. 8. NRS 277B.160 is hereby amended to read as follows:

277B.160 1. One or more participating entities may apply to the Office to create, operate and maintain an inland port and authority.

2. A participating entity is eligible to apply to the Office pursuant to subsection 1 if the county or incorporated city, as applicable, of the participating entity is located in whole or in part within the proposed boundaries of the inland port.

3. The Office may approve the creation of an inland port and authority if *the Office determines that* the proposed inland port and authority ~~conform to the State Plan for Inland Ports developed by the Office pursuant to NRS 231.075.~~ *will serve the economic interests of this State.*

Sec. 9. NRS 231.015 and 231.025 are hereby repealed.

Sec. 10. The amendatory provisions of subsection 4 of section 4 of this act do not apply to a contract specified in that subsection which is entered into before July 1, 2013.

Sec. 11. This act becomes effective upon passage and approval.

TEXT OF REPEALED SECTIONS

231.015 Creation; membership; meetings; duties; subcommittees.

1. The Interagency Committee for Coordinating Tourism and Economic Development is hereby created. The Committee consists of the Governor, who is its Chair, the Lieutenant Governor, who is its Vice Chair, the Director of the Department of Tourism and Cultural Affairs, the Executive Director of the Office of Economic Development and such other members as the Governor may from time to time appoint. The appointed members of the Committee serve at the pleasure of the Governor.

2. The Committee shall meet at the call of the Governor.

3. The Committee shall:

(a) Identify the strengths and weaknesses in state and local governmental agencies which enhance or diminish the possibilities of tourism and economic development in this State.

(b) Foster coordination and cooperation among state and local governmental agencies, and enlist the cooperation and assistance of federal agencies, in carrying out the policies and programs of the Department of Tourism and Cultural Affairs and the Office of Economic Development.



(c) Formulate cooperative agreements between the Department of Tourism and Cultural Affairs or the Office of Economic Development, and state and other public agencies pursuant to the Interlocal Cooperation Act, so that the Department and Office may receive applications from and, as appropriate, give governmental approval for necessary permits and licenses to persons who wish to promote tourism, develop industry or produce motion pictures in this State.

4. The Governor may from time to time establish regional or local subcommittees to work on regional or local problems of economic development or the promotion of tourism.

231.025 Advisory Council on Economic Development: Creation; membership; expenses; duties.

1. The Advisory Council on Economic Development is hereby created. The Advisory Council consists of:

- (a) The Governor;
- (b) The Lieutenant Governor;
- (c) The Speaker of the Assembly;
- (d) The Majority Leader of the Senate;
- (e) The Minority Leader of the Assembly;
- (f) The Minority Leader of the Senate; and
- (g) The Secretary of State.

2. The Lieutenant Governor shall serve as the Chair of the Advisory Council.

3. The members of the Advisory Council shall serve without compensation except that:

(a) Upon the prior approval of the Executive Director, the members of the Advisory Council who are not Legislators are entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally while engaged in the official business of the Advisory Council; and

(b) For each day or portion of a day during which a member of the Advisory Council who is a Legislator is engaged in the official business of the Advisory Council, except during a regular or special session of the Legislature, the Legislator is entitled to receive the per diem allowance provided for state officers generally and the travel expenses provided pursuant to NRS 218A.655. The per diem allowances and travel expenses of the members of the Advisory Council who are Legislators must be paid from the Legislative Fund.

4. The members of the Advisory Council shall:

(a) Meet at least once each quarter to discuss the efforts made by each member to further the economic development of this State and the results and expected results of those efforts.

(b) Market this State to further the economic development of this State and, after the Executive Director has developed the State Plan for Economic Development pursuant to subsection 2 of NRS 231.053, conduct such marketing in accordance with the State Plan for Economic Development. The efforts made pursuant to this



paragraph may include, without limitation, attending industry conferences, publicizing the economic development programs of this State and meeting with the leaders of businesses who express interest in expanding or relocating in this State.

(c) Provide advice to the Board concerning the economic development of this State.

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