

Amendment No. 446

Assembly Amendment to Assembly Bill No. 417

(BDR 22-234)

Proposed by: Assembly Committee on Government Affairs**Amends:** Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION			Initial and Date	SENATE ACTION			Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/> _____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/> _____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/> _____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/> _____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/> _____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/> _____

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) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold underlining* is newly added transitory language.

MSN/TMC



Date: 4/17/2013

A.B. No. 417—Makes various changes relating to redevelopment. (BDR 22-234)



ASSEMBLY BILL NO. 417—COMMITTEE
ON GOVERNMENT AFFAIRS

MARCH 25, 2013

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to redevelopment. (BDR 22-234)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 redevelopment; requiring the legislative body of each community in which a redevelopment area has been established to create a revolving loan account administered by the redevelopment agency; authorizing a redevelopment agency to use money in a revolving loan account to make loans at or below market rate to new or existing small businesses in the redevelopment area; setting forth certain requirements relating to loans made from a revolving loan fund; requiring a redevelopment agency to adopt certain regulations and prepare certain reports relating to loans of money from a revolving loan account; **authorizing a redevelopment agency to adopt an ordinance providing for the recalculation of the amount of the total assessed value of property in a redevelopment area under certain circumstances; providing for the set aside and use of certain revenues from taxes imposed on property in such a redevelopment area;** and providing other matters properly relating thereto.

Legislative Counsel's Digest:

The Community Redevelopment Law (NRS 279.382-279.685) authorizes the city council, board of county commissioners or other legislative body of a city or county to declare the need for a redevelopment agency to function in the community. The Community Redevelopment Law grants a redevelopment agency certain powers and duties with regard to the elimination of blight in a redevelopment area in the community.

Sections 2-6 of this bill require the legislative body of a community to create a revolving loan account administered by the redevelopment agency. Money in the revolving loan account may be used by the agency only to make loans at or below market rate to new or existing small businesses in the redevelopment area. **Section 2** defines a "small business" as a business that employs not more than 25 persons. **Section 4** sets forth certain requirements for the making of loans from the revolving loan account and provides that the term of a loan of money from the revolving loan account must be ~~12~~ **5** years or less. **Section 5** requires each redevelopment agency to adopt regulations prescribing: (1) the ~~annual deadline for submission of~~ **process by which a small business may submit** an application for a loan from the revolving loan account; (2) the criteria for eligibility for a loan; (3) the contents of an

application for a loan; (4) the maximum amount of a loan which may be made from the revolving loan account; ~~and~~ (5) the rate of interest for loans made from the revolving loan account. ~~It is~~ and (6) the collateral and security interest a small business is required to provide as security for the loan. Section 6 requires each redevelopment agency to make certain annual reports to the Legislature concerning loans of money from the revolving loan account.

Existing law provides that if a redevelopment agency provides property for development at less than the fair market value of the property or provides financial incentives to a developer with a value of more than \$100,000, the agency must provide in the agreement with the developer that the project is subject to certain provisions of existing law governing public works. (NRS 279.500) Section 13.3 of this bill extends the same requirements to any loan made by an agency to a small business pursuant to sections 2-6.

Section 13.5 of this bill authorizes a redevelopment agency in a city located in a county whose population is 700,000 or more (currently Clark County) to adopt, under certain circumstances, an ordinance which provides for the recalculation of the amount of the total assessed value of the taxable property in a redevelopment area for certain purposes. Section 13.5 provides that such a redevelopment agency may adopt such an ordinance only once and that the election to adopt such an ordinance is irrevocable. If such a redevelopment agency adopts such an ordinance and receives certain revenue from taxes, section 13.5 requires that 18 percent of such revenues received on or after the effective date of the ordinance be set aside to improve and preserve existing public educational facilities which are located within the redevelopment area or which serve pupils who reside within the redevelopment area. Section 13.5 also provides that the obligation of a redevelopment agency to set aside 18 percent of such revenues is subordinate to any existing obligations of the agency.

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

Section 1. Chapter 279 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive, of this act.

Sec. 2. *As used in sections 2 to 6, inclusive, of this act, "small business" means a business that employs not more than 25 persons.*

Sec. 3. *1. Each legislative body shall create a revolving loan account in the treasury of the community. The account must be administered by the agency.*

2. The money in a revolving loan account created pursuant to this section must be invested as money in other accounts in the treasury of the community is invested. All interest and income earned on the money in a revolving loan account must be credited to the account. Any money remaining in a revolving loan account at the end of a fiscal year does not revert to the general fund of the community, and the balance in the account must be carried forward.

3. All payments of principal and interest on loans made to a small business from a revolving loan account must be deposited with the treasurer of the community for credit to the account.

4. Claims against a revolving loan account must be paid as other claims against the agency are paid.

5. An agency may accept gifts, grants, bequests and donations from any source for deposit in the revolving loan account.

Sec. 4. *1. After deducting the costs directly related to administering a revolving loan account created pursuant to section 3 of this act, an agency may use the money in the account, including repayments of principal and interest on loans made from the account, and interest and income earned on money in the account, only to make loans at or below market rate to small businesses located*

1 within the redevelopment area or persons wishing to locate or relocate a new
2 small business in the redevelopment area for the costs incurred:

3 (a) In expanding or improving an existing small business, including, without
4 limitation, costs incurred for remodeling; or

5 (b) In locating or relocating a small business in the redevelopment area.

6 2. The term of any loan that may be made from the revolving loan account
7 must be ~~not~~ 5 years or less.

8 Sec. 5. 1. A small business located in a redevelopment area or a person
9 who wishes to locate or relocate a new small business in a redevelopment area
10 may submit an application to the agency for a loan from the revolving loan
11 account created pursuant to section 3 of this act. An application must include a
12 written description of the manner in which the loan will be used.

13 2. An agency shall, within the limits of money available for use in the
14 revolving loan account, make loans to small businesses and persons whose
15 applications have been approved. If an agency makes a loan from the revolving
16 loan account, the agency shall ensure that the contract for the loan includes all
17 terms and conditions for repayment of the loan.

18 3. Each agency:

19 (a) Shall adopt regulations that prescribe:

20 (1) The ~~annual deadline for submission~~ process by which a small
21 business may submit to the agency ~~to~~ an application for a loan from the
22 revolving loan account;

23 (2) The criteria for eligibility for a loan from the revolving loan account;

24 (3) The contents of an application for a loan from the revolving loan
25 account, which must include, without limitation:

26 (I) A description of the business history of the applicant;

27 (II) A description of the income history of the applicant;

28 (III) A copy of the business plan of the applicant;

29 (IV) A description of the contributions of the applicant to the
30 revitalization of the redevelopment area; and

31 (V) A statement of whether any money from the loan will be used by
32 the applicant to maintain or create any jobs;

33 (4) The maximum amount of a loan which may be made from the
34 revolving loan account; ~~and~~

35 (5) The rate of interest for loans made from the revolving loan account
36 ~~to~~; and

37 (6) The collateral and security interest that a small business is required
38 to provide as security for the loan, which must be an amount sufficient to allow
39 the agency to recoup the amount of the loan made to a small business if the small
40 business defaults on the loan.

41 (b) May adopt such other regulations as it deems necessary to carry out the
42 provisions of sections 2 to 6, inclusive, of this act.

43 Sec. 6. For each fiscal year beginning with Fiscal Year 2013-2014 and
44 ending with Fiscal Year 2016-2017, each agency in this State shall prepare a
45 written report of the loans made from the revolving loan account created
46 pursuant to section 3 of this act, which must include, without limitation,
47 information concerning the amount of each loan made from the revolving loan
48 account, the terms of each loan and a description of the small businesses which
49 have received loans from the account. The agency shall, on or before November
50 30 of each year, submit a copy of the report to the Director of the Legislative
51 Counsel Bureau for transmittal to the Legislature, or if the Legislature is not in
52 session, to the Legislative Commission.

1 **Sec. 7.** NRS 279.382 is hereby amended to read as follows:
2 279.382 The provisions contained in NRS 279.382 to 279.685, inclusive, *and*
3 *sections 2 to 6, inclusive, of this act* may be cited as the Community
4 Redevelopment Law.

5 **Sec. 8.** NRS 279.384 is hereby amended to read as follows:
6 279.384 As used in NRS 279.382 to 279.685, inclusive, *and sections 2 to 6,*
7 *inclusive, of this act*, unless the context otherwise requires, the words and terms
8 defined in NRS 279.386 to 279.414, inclusive, have the meanings ascribed to them
9 in those sections.

10 **Sec. 9.** NRS 279.386 is hereby amended to read as follows:
11 279.386 “Agency” means a redevelopment agency created under NRS
12 279.382 to 279.685, inclusive, *and sections 2 to 6, inclusive, of this act* or a
13 legislative body which has elected to exercise the powers granted to an agency
14 under NRS 279.382 to 279.685, inclusive *†, and sections 2 to 6, inclusive, of this*
15 *act.*

16 **Sec. 10.** NRS 279.410 is hereby amended to read as follows:
17 279.410 “Redevelopment area” means an area of a community whose
18 redevelopment is necessary to effectuate the public purposes declared in NRS
19 279.382 to 279.685, inclusive *†, and sections 2 to 6, inclusive, of this act.*

20 **Sec. 11.** NRS 279.428 is hereby amended to read as follows:
21 279.428 An agency shall not transact any business or exercise any powers
22 under NRS 279.382 to 279.685, inclusive, *and sections 2 to 6, inclusive, of this act*
23 unless, by resolution, the legislative body declares that there is need for an agency
24 to function in the community.

25 **Sec. 12.** NRS 279.444 is hereby amended to read as follows:
26 279.444 1. As an alternative to the appointment of five members of the
27 agency pursuant to NRS 279.440 and as an alternative to the procedures set forth in
28 NRS 279.443, the legislative body may, at the time of the adoption of a resolution
29 pursuant to NRS 279.428, or at any time thereafter, declare itself to be the agency,
30 in which case, all the rights, powers, duties, privileges and immunities vested by
31 NRS 279.382 to 279.685, inclusive, *and sections 2 to 6, inclusive, of this act* in an
32 agency are vested in the legislative body of the community. If the legislative body
33 of a city declares itself to be the agency pursuant to this subsection, it may include
34 the mayor of the city as part of the agency regardless of whether the mayor is a
35 member of the legislative body.

36 2. A city may enact its own procedural ordinance and exercise the powers
37 granted by NRS 279.382 to 279.685, inclusive *†, and sections 2 to 6, inclusive, of*
38 *this act.*

39 3. An agency may delegate to a community any of the powers or functions of
40 the agency with respect to the planning or undertaking of a redevelopment project
41 in the area in which that community is authorized to act, and that community may
42 carry out or perform those powers or functions for the agency.

43 **Sec. 13.** NRS 279.462 is hereby amended to read as follows:

44 279.462 An agency may:

45 1. Sue and be sued.
46 2. Have a seal.
47 3. Make and execute contracts and other instruments necessary or convenient
48 to the exercise of its powers.

49 4. Make, amend and repeal bylaws and regulations not inconsistent with, and
50 to carry into effect, the powers and purposes of NRS 279.382 to 279.685, inclusive
51 *†, and sections 2 to 6, inclusive, of this act.*

52 5. Obtain, hire, purchase or rent office space, equipment, supplies, insurance
53 and services.

6. Authorize and pay the travel expenses of agency members, officers, agents, counsel and employees on agency business.

Sec. 13.3. NRS 279.500 is hereby amended to read as follows:

279.500 1. The provisions of NRS 338.010 to 338.090, inclusive, apply to any contract for new construction, repair or reconstruction which is awarded on or after October 1, 1991, by an agency for work to be done in a project.

2. If an agency ~~provides~~ :

(a) Provides property for development at less than the fair market value of the property ~~+~~ :

(b) Provides a loan to a small business pursuant to sections 2 to 6, inclusive, of this act; or ~~provides~~

(c) Provides financial incentives to ~~the~~ a developer with a value of more than \$100,000.

Regardless of whether the project is publicly or privately owned, the agency must provide in the loan agreement with the small business or the agreement with the developer, as applicable, that the development project is subject to the provisions of NRS 338.010 to 338.090, inclusive, to the same extent as if the agency had awarded the contract for the project. This subsection applies only to the project covered by the loan agreement between the agency and the small business or the agreement between the agency and the developer ~~+~~, as applicable. This subsection does not apply to future development of the property unless an additional loan, or additional financial incentives with a value of more than \$100,000, are provided to the small business or developer ~~+~~, as applicable.

Sec. 13.5. NRS 279.676 is hereby amended to read as follows:

279.676 1. Any redevelopment plan may contain a provision that taxes, if any, levied upon taxable property in the redevelopment area each year by or for the benefit of the State, any city, county, district or other public corporation, after the effective date of the ordinance approving the redevelopment plan, must be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the redevelopment area as shown upon the assessment roll used in connection with the taxation of the property by the taxing agency, last equalized before the effective date of the ordinance, must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for such taxing agencies on all other property are paid. To allocate taxes levied by or for any taxing agency or agencies which did not include the territory in a redevelopment area on the effective date of the ordinance but to which the territory has been annexed or otherwise included after the effective date, the assessment roll of the county last equalized on the effective date of the ordinance must be used in determining the assessed valuation of the taxable property in the redevelopment area on the effective date. If property which was shown on the assessment roll used to determine the amount of taxes allocated to the taxing agencies is transferred to the State and becomes exempt from taxation, the assessed valuation of the exempt property as shown on the assessment roll last equalized before the date on which the property was transferred to the State must be subtracted from the assessed valuation used to determine the amount of revenue allocated to the taxing agencies.

(b) Except as otherwise provided in paragraphs (c) and (d) and NRS 540A.265, that portion of the levied taxes each year in excess of the amount set forth in paragraph (a) must be allocated to and when collected must be paid into a special fund of the redevelopment agency to pay the costs of redevelopment and to pay the principal of and interest on loans, money advanced to, or indebtedness, whether

1 funded, refunded, assumed, or otherwise, incurred by the redevelopment agency to
2 finance or refinance, in whole or in part, redevelopment. Unless the total assessed
3 valuation of the taxable property in a redevelopment area exceeds the total assessed
4 value of the taxable property in the redevelopment area as shown by ~~that~~ ;

5 (1) The assessment roll last equalized before the effective date of the
6 ordinance approving the redevelopment plan ~~that~~ ; or

7 (2) The assessment roll last equalized before the effective date of an
8 ordinance adopted pursuant to subsection 5,

9 ↳ whichever occurs later, less the assessed valuation of any exempt property
10 subtracted pursuant to paragraph (a), all of the taxes levied and collected upon the
11 taxable property in the redevelopment area must be paid into the funds of the
12 respective taxing agencies. When the redevelopment plan is terminated pursuant to
13 the provisions of NRS 279.438 and 279.439 and all loans, advances and
14 indebtedness, if any, and interest thereon, have been paid, all money thereafter
15 received from taxes upon the taxable property in the redevelopment area must be
16 paid into the funds of the respective taxing agencies as taxes on all other property
17 are paid.

18 (c) That portion of the taxes in excess of the amount set forth in paragraph (a)
19 that is attributable to a tax rate levied by a taxing agency to produce revenues in an
20 amount sufficient to make annual repayments of the principal of, and the interest
21 on, any bonded indebtedness that was approved by the voters of the taxing agency
22 on or after November 5, 1996, must be allocated to and when collected must be
23 paid into the debt service fund of that taxing agency.

24 (d) That portion of the taxes in excess of the amount set forth in paragraph (a)
25 that is attributable to a new or increased tax rate levied by a taxing agency and was
26 approved by the voters of the taxing agency on or after November 5, 1996, must be
27 allocated to and when collected must be paid into the appropriate fund of the taxing
28 agency.

29 2. Except as otherwise provided in subsection 3, in any fiscal year, the total
30 revenue paid to a redevelopment agency must not exceed:

31 (a) In a county whose population is 100,000 or more or a city whose
32 population is 150,000 or more, an amount equal to the combined tax rates of the
33 taxing agencies for that fiscal year multiplied by 10 percent of the total assessed
34 valuation of the municipality.

35 (b) In a county whose population is 30,000 or more but less than 100,000 or a
36 city whose population is 25,000 or more but less than 150,000, an amount equal to
37 the combined tax rates of the taxing agencies for that fiscal year multiplied by 15
38 percent of the total assessed valuation of the municipality.

39 (c) In a county whose population is less than 30,000 or a city whose population
40 is less than 25,000, an amount equal to the combined tax rates of the taxing
41 agencies for that fiscal year multiplied by 20 percent of the total assessed valuation
42 of the municipality.

43 ↳ If the revenue paid to a redevelopment agency must be limited pursuant to
44 paragraph (a), (b) or (c) and the redevelopment agency has more than one
45 redevelopment area, the redevelopment agency shall determine the allocation to
46 each area. Any revenue which would be allocated to a redevelopment agency but
47 for the provisions of this section must be paid into the funds of the respective taxing
48 agencies.

49 3. The taxing agencies shall continue to pay to a redevelopment agency any
50 amount which was being paid before July 1, 1987, and in anticipation of which the
51 agency became obligated before July 1, 1987, to repay any bond, loan, money
52 advanced or any other indebtedness, whether funded, refunded, assumed or
53 otherwise incurred.

4. For the purposes of this section, the assessment roll last equalized before the effective date of the ordinance approving the redevelopment plan is the assessment roll in existence on March 15 immediately preceding the effective date of the ordinance.

5. If in any year the assessed value of the taxable property in a redevelopment area located in a city in a county whose population is 700,000 or more as shown by the assessment roll most recently equalized has decreased by 10 percent or more from the assessed value of the taxable property in the redevelopment area as shown by the assessment roll last equalized before the effective date of the ordinance approving the redevelopment plan, the redevelopment agency may adopt an ordinance which provides that the total assessed value of the taxable property in the redevelopment area for the purposes of paragraph (b) of subsection 1 is the total assessed value of the taxable property in the redevelopment area as shown by the assessment roll last equalized before the effective date of the ordinance adopted pursuant to this subsection. A redevelopment agency may adopt an ordinance pursuant to this subsection only once, and the election to adopt such an ordinance is irrevocable.

6. An agency which adopts an ordinance pursuant to subsection 5 and which receives revenue from taxes pursuant to paragraph (b) of subsection 1 shall set aside not less than 18 percent of that revenue received on and after the effective date of the ordinance to improve and preserve existing public educational facilities which are located within the redevelopment area or which serve pupils who reside within the redevelopment area. For each fiscal year, the agency shall prepare a written report concerning the amount of money expended for the purposes set forth in this subsection and shall, on or before November 30 of each year, submit a copy of the report to the Director of the Legislative Counsel Bureau for transmittal to the Legislative Commission, if the report is received during an odd-numbered year, or to the next session of the Legislature, if the report is received during an even-numbered year.

7. The obligation of an agency pursuant to subsection 6 to set aside not less than 18 percent of the revenue from taxes allocated to and received by the agency pursuant to paragraph (b) of subsection 1 is subordinate to any existing obligations of the agency. As used in this subsection, "existing obligations" means the principal and interest, when due, on any bonds, notes or other indebtedness whether funded, refunded, assumed or otherwise incurred by an agency before the effective date of an ordinance adopted by the agency pursuant to subsection 5, to finance or refinance in whole or in part, the redevelopment of a redevelopment area. For the purposes of this subsection, obligations incurred by an agency on or after the effective date of an ordinance adopted by the agency pursuant to subsection 5 shall be deemed existing obligations if the net proceeds are used to refinance existing obligations of the agency.

Sec. 13.7. NRS 279.685 is hereby amended to read as follows:

279.685 1. Except as otherwise provided in this section, ~~or subsections 6 and 7 of NRS 279.676~~, an agency of a city whose population is 500,000 or more that receives revenue from taxes pursuant to paragraph (b) of subsection 1 of NRS 279.676 shall set aside not less than:

(a) Fifteen percent of that revenue received on or before October 1, 1999, and 18 percent of that revenue received after October 1, 1999, but before October 1, 2011, to increase, improve and preserve the number of dwelling units in the community for low-income households; and

(b) Eighteen percent of that revenue received on or after October 1, 2011, to increase, improve and preserve the number of:

(1) Dwelling units in the community for low-income households; and

1 (2) Educational facilities within the redevelopment area.

2 2. The obligation of an agency to set aside not less than 15 percent of the
3 revenue from taxes allocated to and received by the agency pursuant to paragraph
4 (b) of subsection 1 of NRS 279.676 is subordinate to any existing obligations of the
5 agency. As used in this subsection, "existing obligations" means the principal and
6 interest, when due, on any bonds, notes or other indebtedness whether funded,
7 refunded, assumed or otherwise incurred by the agency before July 1, 1993, to
8 finance or refinance in whole or in part, the redevelopment of a redevelopment
9 area. For the purposes of this subsection, obligations incurred by an agency after
10 July 1, 1993, shall be deemed existing obligations if the net proceeds are used to
11 refinance existing obligations of the agency.

12 3. The obligation of an agency to set aside an additional 3 percent of the
13 revenue from taxes allocated to and received by the agency pursuant to paragraph
14 (b) of subsection 1 of NRS 279.676 is subordinate to any existing obligations of the
15 agency. As used in this subsection, "existing obligations" means the principal and
16 interest, when due, on any bonds, notes or other indebtedness whether funded,
17 refunded, assumed or otherwise incurred by the agency before October 1, 1999, to
18 finance or refinance in whole or in part, the redevelopment of a redevelopment
19 area. For the purposes of this subsection, obligations incurred by an agency after
20 October 1, 1999, shall be deemed existing obligations if the net proceeds are used
21 to refinance existing obligations of the agency.

22 4. From the revenue set aside by an agency pursuant to paragraph (b) of
23 subsection 1, not more than 50 percent of that amount may be used to:

24 (a) Increase, improve and preserve the number of dwelling units in the
25 community for low-income households; or

26 (b) Increase, improve and preserve the number of educational facilities within
27 the redevelopment area,

28 ➤ unless the agency establishes that such an amount is insufficient to pay the cost
29 of a project identified in the redevelopment plan for the redevelopment area.

30 5. Except as otherwise provided in paragraph (b) of subsection 1 and
31 subsection 4, the agency may expend or otherwise commit money for the purposes
32 of subsection 1 outside the boundaries of the redevelopment area.

33 **Sec. 14.** 1. This act becomes effective upon passage and approval.

34 2. Section 6 of this act expires by limitation on December 31, 2017.