

SENATE BILL NO. 135—SENATORS ATKINSON,
SPEARMAN AND FORD

FEBRUARY 18, 2013

JOINT SPONSORS: ASSEMBLYMEN FRIERSON,
NEAL, FLORES, HORNE AND KIRKPATRICK

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing redevelopment agencies. (BDR 22-876)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to redevelopment of communities; revising requirements for the submission of an employment plan; requiring a redevelopment agency to withhold a portion of any incentive provided to a developer unless the developer satisfies certain conditions; requiring the reporting of certain information relating to the redevelopment project by certain developers; extending the duration of certain redevelopment plans; requiring an employment plan to include information relating to preferences for hiring persons from the redevelopment area; creating a revolving loan account to loan money to small businesses for redevelopment purposes in certain cities; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Under existing law, if a redevelopment agency provides property for
- 2 development for less than the fair market value of the property or provides financial
- 3 incentives of more than \$100,000 to a developer, the developer must comply with
- 4 certain laws relating to the payment of a prevailing wage. (NRS 279.500)
- 5 Additionally, a proposal for a redevelopment project must include an employment
- 6 plan, if appropriate. (NRS 279.482)



Sections 2-10 of this bill only apply to a developer for a redevelopment project if part of the redevelopment area is within an enterprise community. **Section 7** requires public agencies who use redevelopment funds for a public work to submit an employment plan and exempts private developers who do not construct a redevelopment project for a known owner from that requirement. **Section 8** requires an agency that proposes to provide an incentive to a developer to withhold payment of the incentive until: (1) at least 15 percent of the employees of contractors, subcontractors, vendors and suppliers of the developer are residents of the redevelopment area; (2) at least 15 percent of the jobs created by employers as a result of the redevelopment project are filled by residents of the redevelopment area; (3) the developer or build-to-suit owner or lessee complies with the requirements in the employment plan; and (4) the developer satisfies the reporting required by **section 9**. **Section 10** allows a developer to appeal a refusal to pay the amount provided for in **section 8** to the legislative body of the community.

Section 9 requires a developer that receives an incentive of more than \$100,000 to report to the redevelopment agency certain information relating to the redevelopment project. **Section 9** also requires a developer that receives \$100,000 or less in incentives to use its best efforts to report such information. Finally, **section 9** allows the redevelopment agency to refuse to pay all or a portion of the incentive or to require repayment of any incentive already paid if a developer fails to comply.

Section 10.5 of this bill creates a revolving loan account in the treasury of a city whose population is 500,000 or more (currently the City of Las Vegas) to be used to make loans at or below market rate to small businesses located within, or interested in relocating to, certain redevelopment areas of the city.

Section 13 of this bill requires the employment plan to include information about the preference for hiring persons living within the redevelopment area used by the developer and each employer who will be relocating a business into the area as a result of the redevelopment.

Existing law provides that a redevelopment plan adopted by a redevelopment agency before July 1, 1991, terminates at the end of the fiscal year in which the principal and interest of the last maturing securities issued before that date concerning the redevelopment area are fully paid, or 45 years after the date on which the original redevelopment plan was adopted, whichever is later. (NRS 279.438) **Section 12** of this bill provides that in a county whose population is 700,000 or more (currently Clark County), such a redevelopment plan terminates at the end of the fiscal year in which the principal and interest of the last maturing securities issued before that date concerning the redevelopment area are fully paid, or 60 years after the date on which the original redevelopment plan was adopted, whichever is later.

Section 15.5 of this bill requires the redevelopment agency of a city whose population is 500,000 or more (currently the City of Las Vegas) to submit an annual report to the Director of the Legislative Counsel Bureau for transmittal to the Legislature that includes information on each loan made during the previous fiscal year from the revolving loan account created by **section 10.5**.



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

1 **Section 1.** Chapter 279 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 10.5, inclusive, of
3 this act.

4 **Sec. 2.** *“Build-to-suit developer” means a private developer*
5 *who constructs a redevelopment project in accordance with the*
6 *customized specifications of a known owner or lessee to whom*
7 *the developer will convey or lease the property upon completion of*
8 *the project.*

9 **Sec. 3.** *“Build-to-suit owner or lessee” means the owner or*
10 *lessee of a redevelopment project that has been constructed by a*
11 *build-to-suit developer to the customized specifications of the*
12 *owner or lessee.*

13 **Sec. 4.** *“Developer” means a person or entity that proposes*
14 *to construct a redevelopment project which will receive financial*
15 *assistance from an agency.*

16 **Sec. 5.** *“Southern Nevada Enterprise Community” means*
17 *the area designated as the Southern Nevada Enterprise*
18 *Community in section 5 of chapter 407, Statutes of Nevada 2007.*

19 **Sec. 6.** *The provisions of sections 2 to 10, inclusive, of this*
20 *act do not apply to a developer for a redevelopment project unless*
21 *a portion of the redevelopment area of the redevelopment project*
22 *is within an enterprise community which is currently or was*
23 *previously established pursuant to 24 C.F.R. Part 597, including,*
24 *without limitation, the Southern Nevada Enterprise Community.*

25 **Sec. 7. 1.** *A public agency that uses redevelopment funds*
26 *for the design or construction of a redevelopment project being*
27 *built as a public work pursuant to chapter 338 of NRS is required*
28 *to submit an employment plan pursuant to NRS 279.482.*

29 **2.** *A developer who constructs a redevelopment project for the*
30 *purpose of conveying or leasing the property to an unknown*
31 *owner or lessee is not required to submit an employment plan*
32 *pursuant to NRS 279.482 but may submit an employment plan*
33 *voluntarily.*

34 **Sec. 8. 1.** *Except as otherwise provided in subsection 2, if*
35 *an agency proposes to provide an incentive to a developer for a*
36 *redevelopment project, the amount of the proposed incentive must*
37 *be withheld by the agency and must not be paid to the developer*
38 *until:*

39 **(a)** *At least 15 percent of all employees of contractors,*
40 *subcontractors, vendors and suppliers of the developer are bona*
41 *fide residents of the redevelopment area and, among such persons,*



* S B 1 3 5 R 1 *

1 *preference in hiring and contracting is given to residents of the*
2 *Southern Nevada Enterprise Community;*

3 *(b) At least 15 percent of all jobs created by employers who*
4 *relocate to the redevelopment area are filled by bona fide residents*
5 *of the redevelopment area and, among such persons, preference in*
6 *hiring is given to residents of the Southern Nevada Enterprise*
7 *Community;*

8 *(c) The developer or build-to-suit owner or build-to-suit lessee*
9 *complies with any requirements imposed by the agency relating to*
10 *the employment plan in the agreement for the redevelopment*
11 *project; and*

12 *(d) The developer satisfies all reporting requirements as*
13 *described in section 9 of this act.*

14 *2. If an agency provides nonmonetary incentives to a*
15 *developer for a redevelopment project, the developer shall deposit*
16 *an amount of money with the agency equal to the value of the*
17 *nonmonetary incentives as agreed upon between the agency and*
18 *the developer. If the developer satisfies the requirements of*
19 *paragraphs (a) to (d), inclusive, of subsection 1, the agency shall*
20 *return the deposit required by this subsection to the developer.*

21 **Sec. 9.** *1. Except as otherwise provided in subsection 2, a*
22 *developer that receives incentives from an agency for a*
23 *redevelopment project shall, upon completion of the project and*
24 *upon request of the agency, report, in a form prescribed by the*
25 *agency, information relating to:*

26 *(a) Outreach efforts that the developer has utilized, including,*
27 *without limitation, information relating to job fairs,*
28 *advertisements in publications that reach residents of the*
29 *redevelopment area and utilization of employment referral*
30 *agencies;*

31 *(b) Training conducted for persons hired by the developer and*
32 *contractors, subcontractors, vendors and suppliers of the*
33 *developer and the employers within the development project; and*

34 *(c) The execution of the redevelopment, including, without*
35 *limitation, plans and the scope of services.*

36 *2. If a developer receives incentives from an agency for a*
37 *redevelopment project with a value of \$100,000 or less, the*
38 *developer shall use its best efforts to satisfy the reporting*
39 *requirements described in subsection 1.*

40 *3. If the developer fails to comply with the requirements of*
41 *this section:*

42 *(a) The agency may refuse to pay all or any portion of an*
43 *incentive; and*

44 *(b) The agency may require the developer to repay any*
45 *incentive already paid to the developer.*



* S B 1 3 5 R 1 *

1 **Sec. 10. 1.** *A developer may appeal the refusal by an*
2 *agency to pay the amount provided for in section 8 of this act to*
3 *the legislative body of the community.*

4 **2.** *In an appeal, the developer has the burden of*
5 *demonstrating that:*

6 **(a)** *Specific actions were taken to substantially fulfill the*
7 *requirements of section 8 of this act;*

8 **(b)** *An insufficient number of significant opportunities for*
9 *appropriate contractors, subcontractors, vendors or suppliers to*
10 *perform a commercially useful function in the project existed; and*

11 **(c)** *Use of appropriate contractors, subcontractors, vendors or*
12 *suppliers as required by section 8 of this act would have*
13 *significantly and adversely affected the overall cost of the project.*

14 **3.** *If the legislative body finds that the developer's appeal has*
15 *satisfied the requirements of subsection 2, the agency shall pay the*
16 *developer the amount provided for in section 8 of this act.*

17 **Sec. 10.5. 1.** *A revolving loan account is hereby created in*
18 *the treasury of the community.*

19 **2.** *The money in the account must be used to make loans at or*
20 *below market rate to small businesses located within the*
21 *redevelopment area or interested in relocating to the*
22 *redevelopment area for the costs of expanding, improving or*
23 *relocating, as applicable, the existing small business. The terms of*
24 *any loan made pursuant to this subsection must be limited to not*
25 *more than 3 years.*

26 **3.** *The money in the account must be invested as money in*
27 *other community accounts is invested. All interest and income*
28 *earned on the money in the account must be credited to the*
29 *account. Any money remaining in the account at the end of the*
30 *fiscal year does not revert to the treasury of the community, and*
31 *the balance in the account must be carried forward.*

32 **4.** *All payments of principal and interest on all the loans*
33 *made to a small business from the account must be deposited for*
34 *credit to the account.*

35 **5.** *Claims against the account must be paid as other claims*
36 *against the community are paid.*

37 **6.** *The account may accept gifts, grants, bequests and*
38 *donations from any source for deposit into the account.*

39 **7.** *The legislative body shall adopt rules prescribing:*

40 **(a)** *The standards for the applicants for a loan;*

41 **(b)** *The standards for the terms of a loan; and*

42 **(c)** *The procedures for the issuance and repayment of a loan.*

43 **8.** *The agency shall issue a loan to each applicant whose*
44 *application the agency approves.*



* S B 1 3 5 R 1 *

1 ***9. The provisions of this section apply only to a community***
2 ***which is a city whose population is 500,000 or more.***

3 **Sec. 11.** NRS 279.384 is hereby amended to read as follows:

4 279.384 As used in NRS 279.382 to 279.685, inclusive, ***and***
5 ***sections 2 to 10.5, inclusive, of this act,*** unless the context
6 otherwise requires, the words and terms defined in NRS 279.386 to
7 279.414, inclusive, ***and sections 2 to 5, inclusive, of this act*** have
8 the meanings ascribed to them in those sections.

9 **Sec. 12.** NRS 279.438 is hereby amended to read as follows:

10 279.438 A redevelopment plan adopted before January 1,
11 1991, and any amendments to the plan must terminate at the end of
12 the fiscal year in which the principal and interest of the last
13 maturing of the securities issued before that date concerning the
14 redevelopment area are fully paid or :

15 ***1. In a county whose population is 700,000 or more, 60 years***
16 ***after the date on which the original redevelopment plan was***
17 ***adopted, whichever is later.***

18 ***2. In a county whose population is less than 700,000, 45 years***
19 after the date on which the original redevelopment plan was
20 adopted, whichever is later.

21 **Sec. 13.** NRS 279.482 is hereby amended to read as follows:

22 279.482 1. An agency may obligate lessees or purchasers of
23 property acquired in a redevelopment project to:

24 (a) Use the property for the purpose designated in the
25 redevelopment plans.

26 (b) Begin the redevelopment of the area within a period of time
27 which the agency fixes as reasonable.

28 (c) Comply with other conditions which the agency deems
29 necessary to carry out the purposes of NRS 279.382 to 279.685,
30 inclusive, ***and sections 2 to 10.5, inclusive, of this act,*** including,
31 without limitation, the provisions of an employment plan or a
32 contract approved for a redevelopment project.

33 2. ~~As~~ ***Except as otherwise provided in section 7 of this act,***
34 ***as*** appropriate for the particular project, each proposal for a
35 redevelopment project must also include an employment plan. The
36 employment plan must include:

37 (a) A description of the existing opportunities for employment
38 within the area;

39 (b) A projection of the effect that the redevelopment project will
40 have on opportunities for employment within the area; ~~and~~

41 (c) A description of the manner in which an employer relocating
42 a business into the area plans to employ persons living within the
43 area of operation who:

44 (1) Are economically disadvantaged;

45 (2) Have a physical disability;



* S B 1 3 5 R 1 *

- (3) Are members of racial minorities;
- (4) Are veterans; or
- (5) Are women ~~H~~; and

(d) A description of the manner in which:

(1) The developer will give a preference in hiring for construction jobs for the project to persons living within the redevelopment area and, among such persons, to persons living within an area for which the legislative body has adopted a specific plan for neighborhood revitalization, an area eligible for a community development block grant pursuant to 24 C.F.R. Part 570 or the Southern Nevada Enterprise Community; and

(2) Each employer relocating a business into the area plans to give a preference in hiring to persons living within the redevelopment area and, among such persons, to persons living within an area for which the legislative body has adopted a specific plan for neighborhood revitalization, an area eligible for a community development block grant pursuant to 24 C.F.R. Part 570 or the Southern Nevada Enterprise Community.

Sec. 14. (Deleted by amendment.)

Sec. 15. (Deleted by amendment.)

Sec. 15.5. 1. On or before January 1 of each year, if a community has a revolving loan account created by section 10.5 of this act, the agency shall submit to the Director of the Legislative Counsel Bureau, for transmittal to the Legislature, or to the Legislative Commission when the Legislature is not in regular session, a report for the previous fiscal year containing information on each loan made from the account.

2. The report required pursuant to subsection 1 must be submitted for each fiscal year beginning with the Fiscal Year 2013-2014 and ending with the Fiscal Year 2016-2017.

3. As used in this section:

(a) "Agency" has the meaning ascribed to it in NRS 279.386.

(b) "Community" has the meaning ascribed to it in NRS 279.392.

Sec. 16. This act becomes effective on July 1, 2013.

