2025 Session (83rd) A AB442 282

Amendment No. 282

Assembly Amendment to Assembly Bill No. 442	(BDR 31-589)
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	☐	Lost	☐	______	Adopted	☐	Lost	☐	______
Concurred In	☐	Not	☐	______	Concurred In	☐	Not	☐	______
Receded	☐	Not	☐	______	Receded	☐	Not	☐	______

EXPLANATION: Matter in (1) ***blue bold italics*** is new language in the original bill; (2) variations of **green bold underlining** is language proposed to be added 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 proposed to be retained in this amendment.

EGO/HAC Date: 4/17/2025

A.B. No. 442—Revises provisions relating to grants. (BDR 31-589)

ASSEMBLY BILL NO. 442–ASSEMBLYMEMBERS WATTS, NGUYEN, MOSCA, BROWN-MAY; D'SILVA, GALLANT, O'NEILL AND ROTH

MARCH 17, 2025

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JOINT SPONSORS: SENATORS NGUYEN, FLORES; AND STONE

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Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to grants. (BDR 31-589)

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 state financial administration; declaring the policy of this State to make payments to private nonprofit corporations under a grant agreement within a certain period of time ~~[;]~~ **and to make advance payments of grants to such corporations;** with certain exceptions, imposing interest on amounts due under a written grant agreement which are not timely paid after receipt of a proper invoice; requiring state entities that make grants to take certain actions upon the receipt of an invoice; authorizing the use of media other than original paper documents to expedite grant payments; revising provisions relating to advance payments of grants to private nonprofit corporations; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

With certain exceptions, this bill enacts requirements governing payments by agencies of the Executive Department of the State Government to private nonprofit corporations that receive grants from those agencies and are reimbursed by those agencies for services or other performance under a grant agreement. **Section 3** of this bill defines the term "grant" to establish the types of financial assistance to which these requirements apply. **Section 8** of this bill declares that it is the policy of this State to: (1) complete all processing and authorization required by law to make a payment, as defined in **section 4** of this bill, within 30 calendar days after ~~[the later of the date on which the payment becomes due under a grant agreement or the date on which the state entity that made the grant receives]~~ **receipt of** a proper invoice, as defined in **section 6** of this bill; and (2) make an advance of a grant to a private nonprofit corporation to facilitate the expeditious carrying out of the grant. **Section 8.5 of this bill requires the State Board of Examiners to adopt policies and procedures to carry out the provisions of this bill, which are required under existing law to be published in the State Administrative Manual. (NRS 232.004) Section 8.5 mandates that such policies and procedures include a requirement that a summary of the provisions relating to prompt payments and advance payments be included in each grant agreement with a private nonprofit corporation.**

Section 9 of this bill provides that, with certain exceptions, a state entity that makes a grant to a private nonprofit corporation, which is defined in **section 7** of this bill as a "state grant-making entity," is liable for interest on amounts which are due and payable under a written grant agreement at the rate that has been agreed upon in the grant agreement, or if no such rate has been agreed upon, by a specified rate. **Section 9** provides that, with certain exceptions, interest begins accruing on the 31st calendar day after the date on which the state grant-making entity receives a proper invoice and requires interest to be paid from the operating budget of the state grant-making entity, not including money appropriated to fund a grant. **Section 9 also requires a state grant-making entity that does not make a payment that is due and payable under a written grant agreement within 30 calendar days after receipt of a proper invoice to: (1) provide written notice to the private nonprofit corporation of the reason for the delay in making the payment; and (2) make a written record of the delayed payment and submit an annual compilation of such records to the Director of the Office of Finance.**

Section 10 of this bill requires a state grant-making entity to mark an invoice with the date on which the invoice was received and review the invoice as soon as practicable to determine whether the invoice is a proper invoice. **Section 10** authorizes a state grant-making entity to use media that produce tangible recordings of information to expedite payment in lieu of requiring original paper documents.

Section 11 of this bill authorizes a private nonprofit corporation to submit to a state grant-making entity a request for an advance of money from the grant that was awarded to the private nonprofit corporation by the state grant-making entity. **Section 11** requires the private nonprofit corporation to: (1) submit an expenditure plan with its request for an advance and any other information requested by the state grant-making entity; and (2) agree to requirements relating to reporting expenditures, returning unexpended money **,** ~~[and]~~ depositing the advance ~~[.]~~ **and reporting related interest.** **Section 11**, with certain exceptions, ~~[requires, to the greatest extent practicable,]~~ **authorizes** the state grant-making entity to approve the advance if it ~~[determines that the private nonprofit corporation has demonstrated sufficient justification for the advance and, if applicable, it has verified compliance by recipients of subgrants with the grant agreement and applicable law.]~~ **makes specific determinations and verifications.** With certain exceptions, **section 11** limits the amount of such an advance to be: (1) if the source of funding for the grant is state money, the amount requested by the private nonprofit corporation, but not to exceed 25 percent of the ~~[annual]~~ amount of the grant award; or (2) if the source of the grant is federal money, the minimum amount to cover the immediate cash requirements of the private nonprofit corporation in carrying out the purpose of the grant. **Section 11 prohibits a state grant-making entity from making an advance if the entity does not have sufficient budgetary authority or a sufficient cash balance to pay the advance.**

~~[Section 11 requires the State Board of Examiners to adopt policies and procedures to carry out that provision, which are required under existing law to be published in the State Administrative Manual. (NRS 232.004)]~~ **Section 11** ~~[also]~~ requires: (1) the state grant-making entity to provide written notice of the approval of any advance to the Director of the Office of Finance; and (2) the Director to submit an annual report to the Interim Finance Committee relating to advance payments of which the Director was notified.

Section **14 of this bill makes this bill effective on July 1, 2026, and section** **13** of this bill excludes from the requirements of this bill grants which are executed, renewed or extended before July 1, 2026.

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

Section 1. Chapter 353 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 11, inclusive, of this act.

Sec. 2. ***As used in sections 2 to 11, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 7, inclusive, of this act have the meanings ascribed to them in those sections.***

Sec. 3. ***1. “Grant” means a legal instrument of financial assistance between a state grant-making entity and a private nonprofit corporation that is:***

(a) Used to enter into a relationship for which the principal purpose is to transfer anything of value from the state grant-making entity to the private nonprofit corporation to carry out a public purpose authorized by law and not to acquire property or services for the direct benefit or use of the state grant-making entity;

(b) Used to provide for one or more payments in reimbursement for services or other performance under the agreement on a scheduled or other incremental basis; and

(c) Distinguished from a cooperative agreement in that it does not provide for substantial involvement between the state grant-making entity and the private nonprofit corporation in carrying out the activity contemplated by the award.

2. The term does not include an instrument that provides only:

(a) Direct government cash assistance to a person;

(b) A subsidy;

(c) A loan;

(d) A loan guarantee;

(e) Insurance; or

(f) State funding that is required annually and is calculated based on a formula set in statute.

Sec. 4. ***“Payment” includes all processing and authorization required by law from the State Board of Examiners, the Director of the Office of Finance and the State Controller.***

Sec. 5. ***“Private nonprofit corporation” means an organization that has been granted tax-exempt status by the Internal Revenue Service pursuant to the provisions of section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3).***

Sec. 6. ***“Proper invoice” means a bill, a request for reimbursement, a written document or an electronic submission readable by the state grant-making entity that is provided by a private nonprofit corporation and which:***

1. Requests an eligible amount that is due and payable by law under a written grant agreement with the private nonprofit corporation; and

2. Includes:

(a) ~~[The federal employer identification number or social security number of the private nonprofit corporation;~~

~~(b)]~~ ***Sufficient information to identify the grant agreement; and***

~~[(c)]~~ <u>(b)</u> ***Any additional information or documentation required by the grant agreement or for compliance with 2 C.F.R. Part 200.***

Sec. 7. ***“State grant-making entity” means an agency, bureau, board, commission, department, division, officer or employee of the Executive Department of the State Government that makes a grant. The term does not include the Nevada System of Higher Education or any institution of the Nevada System of Higher Education.***

Sec. 8. ***The Legislature declares that it is the policy of this State to:***

1. Make a payment under a grant agreement within 30 calendar days after ~~[the later of:~~

~~(a) The date on which the payment becomes due under the grant agreement; or~~

~~(b) The date on which the state grant-making entity receives]~~ <u>receipt of</u> ***a proper invoice.***

2. Make an advance of a grant to a private nonprofit corporation to facilitate the expeditious carrying out of the grant.

Sec. 8.5. ***1. The State Board of Examiners shall adopt policies and procedures pursuant to NRS 353.040 for carrying out the provisions of sections 2 to 11, inclusive, of this act.***

2. The policies and procedures adopted pursuant to subsection 1 must include, without limitation:

(a) A requirement that a summary of the provisions of sections 2 to 11, inclusive, of this act is included in each grant agreement into which a state grant-making entity enters with a private nonprofit corporation;

(b) The criteria for determining the amount of an advance pursuant to section 11 of this act; and

(c) The requirements for the reporting of interest earned on an advance made pursuant to section 11 of this act.

Sec. 9. ***1. Except as otherwise provided in subsection 3, a state grant-making entity shall be liable for interest on any amount that is due and payable by law under a written grant agreement with a private nonprofit corporation at a rate that has been agreed upon in the grant agreement or, if a rate has not been so agreed upon, the rate equal to the prime rate at the largest bank in this State, as determined by the Commissioner of Financial Institutions on January 1 or July 1, based on the date on which the written grant agreement was signed by the parties.***

2. Interest for which a state grant-making entity is liable pursuant to this section must accrue beginning on the 31st calendar day after the date on which the state grant-making entity receives a proper invoice.

3. A state grant-making entity is not liable for interest pursuant to this section:

(a) Unless the private nonprofit corporation submits an invoice for the interest within 30 calendar days after receiving payment for the amount on which the interest accrued;

(b) If the state grant-making entity has initiated legal proceedings to dispute the amount owed to the private nonprofit corporation;

(c) Accruing more than 1 year after the 31st calendar day after the state grant-making entity receives a proper invoice;

(d) On an amount that represents unpaid interest; ~~***[or]***~~

(e) If the delay in payment is the result of technical problems relating to the operation of the electronic payment system of the state or federal grant-making entity, the closure of the office of the state grant-making entity on a day declared to be a legal holiday pursuant to NRS 236.015, extreme weather or another extraordinary event ~~***[.]***~~ ***; or***

(f) If the state grant-making entity does not have sufficient budgetary authority or a sufficient cash balance to process the payment.

4. Interest for which a state grant-making entity is liable pursuant to this section:

(a) Must be paid from the operating budget of the state grant-making entity; and

(b) May not be paid from money appropriated to provide money for a grant.

5. For the purposes of determining the due date of a payment and the date on which interest begins to accrue, an invoice is deemed to be received:

(a) For invoices that are mailed, when a proper invoice is received by the state grant-making entity, as of the date on which the state grant-making entity annotates the invoice with the date and time of receipt; or

(b) For invoices that are transmitted electronically, on the date on which the transmission is received by the state grant-making entity or, if the transmission is received after 5 p.m. on that date, the next business day.

6. If a state grant-making entity does not make a payment for an amount that is due and payable by law under a written grant agreement with a private nonprofit corporation within 30 calendar days after receipt of a proper invoice because of circumstances described in subsection 3, the state grant-making entity shall, as soon as practicable after that 30-day period:

(a) Provide written notice to the private nonprofit corporation of the reason for the delay in making the payment; and

(b) Make a written record of the delayed payment, including, without limitation:

(1) The date on which the state grant-making entity received a proper invoice for the payment;

(2) The reason for the delay by the state grant-making entity in making the payment; and

(3) If applicable, the date on which the payment was made.

7. On or before October 1 of each year, the state grant-making entity shall submit to the Director of the Office of Finance a compilation of the records made by the state grant-making entity pursuant to paragraph (b) of subsection 6 during the immediately preceding fiscal year.

Sec. 10. ***1. Upon receipt of an invoice, a state grant-making entity shall:***

(a) Mark the invoice with the date on which the invoice was received; and

(b) Review the invoice as soon as practicable to determine whether the invoice is a proper invoice.

2. If the state grant-making entity determines that the invoice:

(a) Is a proper invoice, the state grant-making entity shall submit the invoice for payment in the same manner as other claims against the State are paid.

(b) Is not a proper invoice, within 14 calendar days after making such a determination, the state grant-making entity shall notify the private nonprofit corporation of all defects that prevent the invoice from being determined to be a proper invoice. A private nonprofit corporation that receives such a notification may submit a corrected invoice.

3. A state grant-making entity may use media that produce tangible recordings of information to expedite the payment process in lieu of requiring original paper documents.

4. Failure by a state grant-making entity to comply with the procedural requirements of this section does not constitute a late payment.

Sec. 11. ***1. A private nonprofit corporation may submit to a state grant-making entity, on a form prescribed by the Director of the Office of Finance, a request for an advance from the grant that was awarded to the private nonprofit corporation by the state grant-making entity.***

2. The private nonprofit corporation must include with the form submitted pursuant to subsection 1 a plan for expenditure of the advance which must, without limitation:

(a) Align with the eligible activities and expenditures under the grant;

(b) Provide the justification for the advance; and

(c) Describe the financial management policies that the private nonprofit corporation has established to monitor expenditure of the advance.

3. As a condition to receipt of an advance pursuant to this section, a private nonprofit corporation must agree to:

(a) Transmit a report on the expenditure of the advance in the manner required by the state grant-making entity, which includes, without limitation, a summary of the work completed and proof of expenditures.

(b) Return to the state grant-making entity any money from the advance that was not expended within the timeline for expenditure of the advance or for the

eligible activities specified in the grant agreement between the private nonprofit corporation and state grant-making entity or receive a reduced amount for the immediately succeeding payment under the grant in an amount equivalent to the unexpended amount of the advance.

(c) Deposit the advance in a federally insured account that provides the ability to track the interest earned on money in the account and any withdrawal from the account. The account must be opened in the name of the private nonprofit corporation and not in the name of any director or officer of the private nonprofit corporation.

(d) Report any interest earned on the advance deposited in an account described in paragraph (c) in accordance with the policies and procedures adopted pursuant ~~[to subsection 7.]~~ to section 8.5 of this act. If the source of funding for the grant is money from the Federal Government, the private nonprofit corporation must return any such interest payments to the state grant-making entity.

4. The private nonprofit corporation must submit any additional information requested by the state grant-making entity ~~[.]~~ , including, without limitation, any information that is necessary for the state grant-making entity to perform effectively risk assessment and monitoring of recipients of subgrants from the grant.

5. ~~[Unless prohibited by federal or state law or the grant agreement, an]~~ An advance pursuant to this section:

(a) ~~[To the greatest extent practicable, must]~~ Unless prohibited by federal law or contractual agreement:

(1) May be approved by the state grant-making entity if the state grant-making entity:

~~[(1)]~~ (I) Determines that the private nonprofit corporation has demonstrated sufficient justification for the advance ~~[; and~~

~~(2)]~~ and does not pose any undue risk to the state grant-making entity;

(II) Determines that providing an advance does not create an unreasonable administrative burden on or financial risk to the state grant-making entity; and

(III) If applicable, has verified compliance by any recipients of subgrants from the grant with the grant agreement and applicable law.

~~[(b)]~~ (2) Is limited to:

~~[(1)]~~ (I) If the source of funding for the grant is money from the State Government, the amount requested by the private nonprofit corporation, but not to exceed 25 percent of the ~~[annual]~~ amount of the grant award; or

~~[(2)]~~ (II) If the source of funding for the grant is money from the Federal Government, the minimum amount to cover the immediate cash requirements of the private nonprofit corporation in carrying out the purpose of the grant in accordance with 2 C.F.R. ~~[§ 200.305.]~~ Part 200.

(b) May not be approved by the state grant-making entity if the state grant-making entity does not have sufficient budgetary authority or a sufficient cash balance to pay the advance.

6. A state grant-making entity that approves an advance pursuant to subsection 5 shall provide written notice of the advance to the Director of the Office of Finance.

7. ~~[The State Board of Examiners shall adopt policies and procedures pursuant to NRS 353.040 for carrying out the provisions of this section, including, without limitation:~~

~~(a) The criteria for determining the amount of and for approving an advance; and~~

~~*(b) The requirements for the reporting of interest earned on an advance.*~~

~~*8.]*~~ ***The requirements and penalties set forth in the grant agreement apply to the use of the advance.***

~~*[9.]*~~ ***8.*** ***On or before October 1 of each year, the Director of the Office of Finance shall submit a report to the Interim Finance Committee concerning the advances for which the Director was provided notice pursuant to subsection 6 during the immediately preceding fiscal year.***

Sec. 12. The provisions of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 13. The provisions of this act apply only to a grant, as defined in section 3 of this act, which is executed, renewed or extended on or after July 1, 2026.

Sec. 14. This act becomes effective on July 1, 2026.