

**INFORMATION STATEMENT FOR ADOPTION OF REGULATION LCB 103-13
FOR NRS 231A – NEW MARKETS JOB ACT**

DATE: April 22, 2014

TO: All Interested Parties

FROM: Nevada Department of Business and Industries, Director's Office

1. A clear and concise explanation of the need for the adopted regulation.

The proposed regulations promulgated under NRS 231A facilitate and help meet the critical need for access to capital for low-income Nevada businesses by providing them the ability to get below market rate loans. These regulations delineate the application, reporting and administrative requirements of NRS 231A New Markets Job Act. It also allows the Director of the Department of Business and Industry to designate any employee of the Department to perform the duties of the Director for this program.

2. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.

Copies of the proposed regulations, notices of workshop and notices of intent to act upon the regulations were sent by U.S. mail and email to persons who were known to have an interest in the subject of the New Markets Job Act as well as any persons who had specifically requested such notice. These documents were also made available at the website of the Department of Business and Industry, www.business.nv.gov, Nevada Public Notice Website, Administrative Regulations Notices –Meetings and Workshops website, and mailed to all county libraries in Nevada and posted at the following locations:

- Nevada State Library & Archives, 100 North Stewart Street, Carson City, NV 89701
- Legislative Building, 401 South Carson Street, Carson City, NV 89701
- Grant Sawyer State Building, 555 East Washington Avenue, Las Vegas, NV 89101
- Department of Administration, 209 East Musser Street, Room 200, Carson City, Nevada 89701-4298
- Department of Business & Industry, 555 East Washington Avenue, Suite 4900, Las Vegas, NV. 89101
- Department of Business & Industry, 1830 College Pkwy, Suite 100, Carson City, NV. 89706

A workshop was held pursuant to NRS 233B.061 on January 28, 2014 and the minutes of that meeting, attached hereto, contain a summary of the discussion held regarding the proposed regulations. Thereafter, on or about March 17, 2014, the Director of the Department of Business and Industry issued a Notice of Intent to Act Upon a Regulation that incorporated the proposed regulations reviewed by the parties attending the January 28th workshop.

A public hearing was held on April 21, 2014. At that hearing, comments were given on the proposed regulations but concerns raised did not require the regulations be changed. The minutes

of that meeting, attached hereto, contain a summary of that hearing. Additional copies of this summary of the public response to the proposed regulation may be obtained from the Department of Business and Industry, 555 East Washington Avenue, Suite 4900, Las Vegas, NV 89101 or telephone Kent Steadman at (702) 486-3755 or email at ksteadman@business.nv.gov.

3. The number of persons who:

(a) Attended each hearing: January 28, 2014: 21; April 21, 2014: 22

(b) Testified at each hearing: January 28, 2014: 6; April 21, 2014: 3

(c) Submitted to the agency written comments: Attached written comments were received from Urban Development Fund; Advantage Capital Partners (11-04-2013); Kaempfer Crowell; Stonehenge Capital Company LLC; Enhanced Community Development LLC; Advantage Capital Partners (01-14-2014), and Lionel Sawyer & Collins.

4. For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing: Name, Telephone number, Business address, Business telephone number, Electronic mail address, Name of entity or organization represented:

| Name | Company | Email | Address | Phone Number |
|------------------|---|------------------------------|---|--------------|
| Michael Hillerby | Stonehenge Capital Company, LLC | mhillerby@kcnvlaw.com | 236 Third Street, Baton Rouge, LA 70801 | 775-852-3900 |
| Scott Zajac | IronRock Capital Partners | szajac@ironrockcap.com | 190 Carondelet Plaza, Suite 1200, St. Louis, MO 63105 | 314-200-2626 |
| Doug Bystry | Clearinghouse CDFI | dbysty@clearinghousecdfi.com | 23861 El Toro Road, Suite 401, Lake Forrest, CA 92630 | 949-859-3600 |
| Scott Scherer | Holland & Hart Law Firm for Iron Rock Capital Partners and Hunter Chase & Co. | sscherer@hollandhart.com | 377 South Nevada Street, Carson City, Nevada, 89703 | 775-684-6000 |

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|-------------------------------|---|-------------------------------------|---|----------------------|
| Warren Hardy | City of Mesquite | wbhardy@gmail.com | Mesquite, NV | 702-408/-6666 |
| Ben Dupuy | Stonehenge Capital Company, LLC | badupuy@stonehengecapital.com | 236 Third Street, Baton Rouge, LA 70801 | 202-253-2063 |
| Steven LeBlanc | Stonehenge Capital Company, LLC | sleblanc@stonehengecapital.com | 191 W. Nationwide Boulevard, Suite 600, Columbus, OH 43215 | 614-545-7246 |
| Michael T. Johnson | Advantage Capital Partners | mjohnson@advantagecap.com | 909 Poydras Street, Suite 2230, New Orleans, LA 70112 | 504-522-4850 |
| Robert L. Crowell | Kaempfer Crowell for Stonehenge Community Development, LLC | rcrowell@kcnvlaw.com | 510 W. Fourth St., Carson City, NV 89703 | 775-884-8300 |
| Shelley G. Whittington | Stonehenge Capital Company, LLC | sgwhittington@stonehengecapital.com | 236 Third Street, Baton Rouge, LA 70801 | 225-408-3255 |
| David Lutz | Husch Blackwell, LLP for Enhanced Community Development, LLC | David.Lutz@huschblackwell.com | 13330 California St, Suite 200, Omaha, NE 68154 | 402-964-5167 |
| Michael Qualizza | Urban Development Fund | q@urbandevfund.com | 216 W. Ohio St, 5th Floor, Chicago, IL 60654 | 847-943-9389 |

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| Rory J. Reid | Lionel Sawyer & Collins for Enhanced Capital | rreid@lionelsawyer.com | 300 S. 4th Street, Suite 1700, Las Vegas, NV 89101 | 702-383-8888 |
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5. A description of how comments were solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.

Comments were solicited from affected businesses in the same manner as they were solicited from the public. The summary may be obtained as instructed in the response to question #1.

6. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

These regulations promulgated under NRS 231A facilitate and helps meet the critical need for access to capital for businesses in Low-Income Areas by providing them the ability to get below-market rate loans.

7. The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:

- (a) Both adverse and beneficial effects; and**
(b) Both immediate and long-term effects.

1. The estimated economic effect of the regulation on the businesses, which it is to regulate:
 - a. Adverse effect:
 - i. Immediate effect - No adverse effect due to the promulgation of this regulation.
 - ii. Long-term effect - No adverse effect due to the promulgation of this regulation.
 - b. Beneficial effect:
 - i. Immediate effect – Qualified Active Low-Income Community Businesses will be able to below market rate loans. These loans will help them expand their business.
 - ii. Long-term effect – Qualified Active Low-Income Community Businesses will have below market rate loans to provide operating capital to grow and expand their businesses. They will be able to hire more employees.
2. The estimated economic effect of the regulation on the public:
 - a. Adverse effect:
 - i. Immediate effect - No adverse effect due to the promulgation of this regulation.
 - ii. Long-term effect - No adverse effect due to the promulgation of this regulation.
 - b. Beneficial effect:

- i. Immediate effect – The public may become aware of low-interest loans for businesses in low-income areas and notice businesses are investing new operating capital to expand and grow.
- ii. Long-term effect – With Qualified Active Low-Income Community Businesses having below market rate loans to help them grow and expand, the public will likely notice businesses are growing and more people are working. Other states with New Markets Tax Credit programs report seven to eight thousand new jobs were created and the states receive three to four dollars in taxes for every New Market Tax Credit tax dollar invested.

8. The estimated cost to the agency for enforcement of the adopted regulation.

There is no additional cost to the agency for enforcement of this regulation.

9. A description of any regulations of other state or government agencies of which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

There are no other state or government agency regulations that the proposed amendments duplicate.

10. If the regulation includes provisions that are more stringent than a federal Regulation, which regulates the same activity, a summary of such provisions.

N/A

11. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

N/A