S.B. 341

SENATE BILL NO. 341—SENATORS PARKS, COPENING, SCHNEIDER, WIENER; BREEDEN, LESLIE AND MANENDO

MARCH 21, 2011

JOINT SPONSORS: ASSEMBLYMEN OHERNSCHALL AND PIERCE

Referred to Committee on Legislative Operations and Elections

SUMMARY—Directs the Legislative Commission to appoint a subcommittee to conduct an interim study concerning the establishment of a bank that is owned, controlled and operated by this State. (BDR S-870)


AN ACT relating to state financial administration; directing the Legislative Commission to appoint a subcommittee to conduct an interim study concerning the establishment of a bank that is owned, controlled and operated by this State; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

This bill directs the Legislative Commission to appoint a subcommittee, consisting of three members of the Senate and three members of the Assembly, to conduct a study concerning the establishment of a bank that is owned, controlled and operated by this State. This bill requires the subcommittee to perform various tasks to determine whether a bank that is owned, controlled and operated by this State would be beneficial to this State, including an examination of the legal, technical and financial feasibility of establishing such a bank and an evaluation of the experiences of other states that have state-owned banks. This bill also requires the subcommittee to submit a copy of its final written report to the Director of the Legislative Counsel Bureau for transmittal to the 77th Session of the Nevada Legislature.
WHEREAS, This State does not currently engage in the business of banking and does not own, control or operate a bank; and

WHEREAS, The State of North Dakota currently engages in the business of banking and owns, controls and operates a bank known as the Bank of North Dakota; and

WHEREAS, The Bank of North Dakota was established pursuant to North Dakota Century Code 6-09-01 for the purpose of encouraging and promoting agriculture, commerce and industry; and

WHEREAS, The Bank of North Dakota is not a member of the Federal Deposit Insurance Corporation, but pursuant to North Dakota Century Code 6-09-10, all deposits in the Bank of North Dakota are guaranteed by the state; and

WHEREAS, The deposit base of the Bank of North Dakota is unique in that its primary deposit base is the State of North Dakota, and all state funds and funds of state institutions are deposited with the Bank of North Dakota, as required by law; and

WHEREAS, The Bank of North Dakota accepts other deposits from any source, including private citizens, businesses and the Government of the United States; and

WHEREAS, The Bank of North Dakota is overseen by the State Industrial Commission and advised by a seven-member Advisory Board appointed by the Governor that reviews the Bank’s operations and makes recommendations to the Industrial Commission relating to the Bank’s management, services, policies and procedures; and

WHEREAS, The Bank of North Dakota administers several lending programs that promote agriculture, commerce and industry, provide government-guaranteed loans for lenders and provide community, rural and regional development loan funds; and

WHEREAS, The Bank of North Dakota has created partnerships with more than 100 other North Dakota financial institutions to assist such institutions in meeting the needs of the residents of North Dakota; and

WHEREAS, This State would benefit from loaning money to develop agriculture, commerce and industry in lieu of granting tax revenues to newly established businesses; and

WHEREAS, By opening accounts in a bank owned, controlled and operated by this State, Nevadans would be able to invest in the growth of agriculture, commerce and industry in this State; and

WHEREAS, Nevadans with accounts in a bank owned, controlled and operated by this State would benefit from a return on their investments in the form of loan interest and other revenues earned by the bank’s investments in agriculture, commerce and industry in this State; and
WHEREAS, The purpose of a bank owned, controlled and operated by this State would be to invest in agriculture, commerce and industry within this State; and

WHEREAS, A need exists to determine if this State would benefit from the creation and operation of a financial institution that is similar to the Bank of North Dakota; now, therefore;

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

Section 1. 1. The Legislative Commission shall appoint a subcommittee, consisting of three members of the Senate and three members of the Assembly, to conduct a study during the 2011-2013 interim concerning the establishment of a bank that is owned, controlled and operated by this State.

2. The subcommittee appointed pursuant to subsection 1 shall, without limitation:
   (a) Review the applicable constitutional provisions, laws, regulations and policies of this State relating to establishing a bank that is owned, controlled and operated by this State;
   (b) Examine the technical and financial feasibility of establishing a bank that is owned, controlled and operated by this State;
   (c) Evaluate the manner in which public money is invested or deposited by this State and its political subdivisions;
   (d) Examine the lending practices of existing public agencies in this State that perform lending services;
   (e) Review the existing information, policies or studies, or the laws of other states or territories of the United States, which may assist the subcommittee in determining whether the creation and operation of a bank that is owned, controlled and operated by this State would be beneficial to this State;
   (f) Evaluate the experiences of other states that have state-owned banks, including, without limitation, identifying the financial performance of such banks and evaluating the lending practices of state-owned banks to determine whether such banks are able to fill the lending gaps not filled by the private sector; and
   (g) Develop criteria to measure the performance or success of any strategy developed by or any recommendation of the subcommittee.

3. Any recommendations for legislation proposed by the subcommittee must be approved by a majority of the members of the Senate and a majority of the members of the Assembly appointed to the subcommittee.
4. The Legislative Commission shall submit a copy of the final written report of the study and any recommendations for legislation to the Director of the Legislative Counsel Bureau for transmittal to the 77th Session of the Nevada Legislature.