

**THE NINETY-FOURTH DAY**

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CARSON CITY (Wednesday), May 11, 2011

Senate called to order at 12:26 p.m.

President Krolicki presiding.

Roll called.

All present.

Prayer by the Chaplain, Pastor Albert Tilstra.

Eternal Lord, as a battery is recharged without sound or motion, so will You, in this moment so precious, send Your Spirit into the hearts and minds of Your servants, the Senators in this Chamber.

With newness of life, with spiritual power, vision and lively faith, enable them to meet all the demands of this day with glad anticipation, and give them peace.

AMEN.

Pledge of Allegiance to the Flag.

Senator Horsford moved that further reading of the Journal be dispensed with, and the President and Secretary be authorized to make the necessary corrections and additions.

Motion carried.

## MESSAGES FROM THE ASSEMBLY

ASSEMBLY CHAMBER, Carson City, May 10, 2011

*To the Honorable the Senate:*

I have the honor to inform your honorable body that the Assembly on this day passed Senate Bill No. 286.

Also, I have the honor to inform your honorable body that the Assembly on this day passed, as amended, Assembly Bills Nos. 475, 481.

MATTHEW BAKER

*Assistant Chief Clerk of the Assembly*

## MOTIONS, RESOLUTIONS AND NOTICES

Assembly Concurrent Resolution No. 3.

Resolution read.

Senator Rhoads moved the adoption of the resolution.

Remarks by Senator Rhoads.

Senator Rhoads requested that his remarks be entered in the Journal.

Assembly Concurrent Resolution No. 3 urges stakeholders to proactively protect and restore the population and habitat of the greater sage grouse in Nevada. These stakeholders include each state and local governmental agency, each user of public lands, each member of a conservation group, and any other person who is involved in activities to improve the population of the greater sage grouse. The resolution encourages continued efforts to acquire and use funding for that purpose. Copies of the resolution are to be distributed to the conservation groups that have participated in the effort to prevent the greater sage grouse from being listed as an endangered or threatened species.

Resolution adopted.

Resolution ordered transmitted to the Assembly.

## INTRODUCTION, FIRST READING AND REFERENCE

Assembly Bill No. 475.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

Assembly Bill No. 481.

Senator Wiener moved that the bill be referred to the Committee on Finance.

Motion carried.

## GENERAL FILE AND THIRD READING

Senate Bill No. 75.

Bill read third time.

The following amendment was proposed by Senator Cegavske:

Amendment No. 565.

"SUMMARY—Establishes a program to provide private equity funding to businesses engaged in certain industries in this State. (BDR 31-523)"

"AN ACT relating to public financial administration; establishing a program to provide private equity funding to businesses engaged in certain industries in this State; and providing other matters properly relating thereto."

**Legislative Counsel's Digest:**

Under existing law, the State is prohibited from donating or loaning state money or credit, or subscribing to or being interested in the stock of any company, association or corporation, except a corporation that is formed for educational or charitable purposes. (Nev. Const. Art. 8, § 9) Existing law also requires the State Treasurer to negotiate for the investment of money in the State Permanent School Fund. However, the State Treasurer is prohibited from making certain investments unless he or she obtains a judicial determination that such an investment does not violate the provisions of Section 9 of Article 8 of the Nevada Constitution. (NRS 355.060)

~~Section 5 of this bill requires the State Treasurer to form an independent corporation for public benefit, the purpose of which is to act as a limited partner of limited partnerships or a shareholder or member of limited liability companies that provide private equity funding to businesses that engage in certain industries.~~ **Sections 6 and 8 of this bill ~~authorize~~ require the State Treasurer ~~to transfer from~~ , at the direction of the Commission on Economic Development, to invest an amount not to exceed \$50 million of the money in the State Permanent School Fund ~~to this corporation an amount not to exceed \$50 million, if the State Treasurer obtains a judicial determination that such a use of that money will not violate Article 8, Section 9 of the Nevada Constitution. Section 6 requires this transfer to be made pursuant to an agreement which requires 70 percent of the~~ to provide private equity funding ~~provided by the corporation to be provided~~ to businesses engaged in certain industries that are located or seeking to locate in Nevada.**

WHEREAS, NRS 355.060 authorizes the State Treasurer to invest money in the State Permanent School Fund in certain investments; and

WHEREAS, The State Treasurer seeks to invest money in the State Permanent School Fund in accordance with sound and prudent investment principles which include a primary emphasis on the preservation of assets followed by an emphasis on return; and

WHEREAS, A greater return on Permanent School Fund money invested by the State Treasurer will have a direct beneficial impact on Nevada schools and students; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would assist the State of Nevada in diversifying the economic base of the State; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would attract new businesses and investment to the State of Nevada, resulting in high-paying, quality jobs; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would create greater exposure for institutions of the Nevada System of Higher Education through expanded projects designed around health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would encourage innovation and cooperation among institutions of the Nevada System of Higher Education and private sector businesses located in the State of Nevada; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology other industries critical to economic development in this State would increase the ability of institutions of the Nevada System of Higher Education, businesses in the State of Nevada and nonprofit corporations and organizations in the State of Nevada to compete more successfully for federal and private research and development funding; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences research and development would provide for advanced medical care being available to people living in and visiting the State of Nevada; and

WHEREAS, The State of Nevada, through the establishment of methods to provide private equity funding to businesses in this State, would provide economic growth and world-class medical care and training and would assist in the creation of high-paying, quality jobs for people living in the State of Nevada; now, therefore,

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

**Section 1.** Chapter 355 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 7, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 7, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections ~~3.2~~ 3.5 and 4 of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** ~~“Corporation for public benefit” means a corporation that is recognized as exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, future amendments to that section and the corresponding provisions of future internal revenue laws.~~ **(Deleted by amendment.)**

**Sec. 3.5.** “Commission” means the Commission on Economic Development or its successor.

**Sec. 4.** *“Private equity funding” means an investment in or a purchase of securities in operating businesses that are not publicly traded on a stock exchange.*

**Sec. 5.** ~~1. The State Treasurer shall cause to be formed in this State an independent corporation for public benefit, the general purpose of which is to act as a limited partner of limited partnerships or a shareholder or member of limited liability companies that provide private equity funding to businesses:~~

- ~~(a) Located in this State or seeking to locate in this State; and~~
- ~~(b) Engaged primarily in one or more of the following industries:~~
  - ~~(1) Health care and life sciences.~~
  - ~~(2) Cyber security.~~
  - ~~(3) Homeland security and defense.~~
  - ~~(4) Alternative energy.~~
  - ~~(5) Advanced materials and manufacturing.~~
  - ~~(6) Information technology.~~
  - ~~(7) Any other industry that the board of directors of the corporation for public benefit determines to be critical to the economic development of this State.~~
- ~~2. The corporation for public benefit created pursuant to subsection 1 may place investments through the use or assistance of:~~
  - ~~(a) External asset managers; or~~

~~(b) Venture capital and private equity investment firms.] (Deleted by amendment.)~~

~~Sec. 6. If the State Treasurer obtains the judicial determination required by subsection 3 of NRS 355.060,]~~

~~1. At the direction of the Commission, the State Treasurer may transfer shall invest an amount not to exceed \$50 million from the State Permanent School Fund to the corporation for public benefit created pursuant to section 5 of this act. Such a transfer must be made pursuant to an agreement that requires the corporation for public benefit to:~~

~~1. Provide, through the limited partnerships or limited liability companies described in subsection 1 of section 5 of this act, private equity funding; and~~

~~2. Ensure] in limited partnerships or limited-liability companies that provide private equity funding to businesses:~~

~~(a) Located in this State or seeking to locate in this State; and~~

~~(b) Engaged primarily in one or more of the following industries:~~

~~(1) Health care and life sciences.~~

~~(2) Cyber security.~~

~~(3) Homeland security and defense.~~

~~(4) Alternative energy.~~

~~(5) Advanced materials and manufacturing.~~

~~(6) Information technology.~~

~~(7) Any other industry that the board of directors of the corporation for public benefit determines to be critical to the economic development of this State.~~

~~2. The Commission shall ensure that at least 70 percent of all private equity funding provided by the corporation] money invested pursuant to subsection 1 is provided to businesses:~~

~~(a) Located in this State or seeking to locate in this State; and~~

~~(b) Engaged primarily in one or more of the following industries:~~

~~(1) Health care and life sciences.~~

~~(2) Cyber security.~~

~~(3) Homeland security and defense.~~

~~(4) Alternative energy.~~

~~(5) Advanced materials and manufacturing.~~

~~(6) Information technology.~~

~~(7) Any other industry that the board of directors of the corporation for public benefit created pursuant to section 5 of this act determines to be critical to the economic development of this State.~~

~~3. Investments made pursuant to this section may be placed through the use or assistance of:~~

~~(a) External asset managers; or~~

~~(b) Private equity investment firms.~~

~~4. Money invested pursuant to this section may not be used to make venture capital investments.~~

5. As used in this section, "venture capital" means equity, near-equity and seed capital financing, including, without limitation, early stage research and development capital for start-up enterprises, and other equity, near-equity or seed capital for growth and expansion of entrepreneurial enterprises.

**Sec. 7. The State Treasurer shall:**

1. *Adopt such regulations as he or she deems necessary to carry out the provisions of sections 2 to 7, inclusive, of this act, including, without limitation, the performance of such audits and the submission of such reports as he or she deems appropriate to ensure compliance with the provisions of sections 2 to 7, inclusive, of this act and the regulations adopted pursuant to this section. The regulations may include criteria for determining eligibility for and use of private equity funding, but the ~~incorporation for public benefit established pursuant to section 5 of this act~~ **Commission** must have sole authority for the approval of applications for and the management of private equity funding provided pursuant to sections 2 to 7, inclusive, of this act.*

2. *Provide the ~~incorporation for public benefit created pursuant to section 5 of this act~~ **Commission** with such assistance as is necessary to carry out the provisions of sections 2 to 7, inclusive, of this act and comply with the regulations adopted pursuant to this section.*

**Sec. 8.** NRS 355.060 is hereby amended to read as follows:

355.060 1. The State Controller shall notify the State Treasurer monthly of the amount of uninvested money in the State Permanent School Fund.

2. Whenever there is a sufficient amount of money for investment in the State Permanent School Fund, the State Treasurer shall proceed to negotiate for the investment of the money in:

(a) United States bonds.

(b) Obligations or certificates of the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Banks Funding Corporation or the Student Loan Marketing Association, whether or not guaranteed by the United States.

(c) Bonds of this state or of other states.

(d) Bonds of any county of the State of Nevada.

(e) United States treasury notes.

(f) Farm mortgage loans fully insured and guaranteed by the ~~Farmers Home Administration~~ **Farm Service Agency** of the United States Department of Agriculture.

(g) Loans at a rate of interest of not less than 6 percent per annum, secured by mortgage on agricultural lands in this state of not less than three times the value of the amount loaned, exclusive of perishable improvements, of unexceptional title and free from all encumbrances.

(h) Money market mutual funds that:

(1) Are registered with the Securities and Exchange Commission;  
(2) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and

(3) Invest only in securities issued or guaranteed as to payment of principal and interest by the Federal Government, or its agencies or instrumentalities, or in repurchase agreements that are fully collateralized by such securities.

(i) Common or preferred stock of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States, if:

(1) The stock of the corporation is:

(I) Listed on a national stock exchange; or

(II) Traded in the over-the-counter market, if the price quotations for the over-the-counter stock are quoted by the National Association of Securities Dealers Automated Quotations System (NASDAQ);

(2) The outstanding shares of the corporation have a total market value of not less than \$50,000,000;

(3) The maximum investment in stock is not greater than 50 percent of the book value of the total investments of the State Permanent School Fund;

(4) Except for investments made pursuant to paragraph (k), the amount of an investment in a single corporation is not greater than 3 percent of the book value of the assets of the State Permanent School Fund; and

(5) Except for investments made pursuant to paragraph (k), the total amount of shares owned by the State Permanent School Fund is not greater than 5 percent of the outstanding stock of a single corporation.

(j) A pooled or commingled real estate fund or a real estate security that is managed by a corporate trustee or by an investment advisory firm that is registered with the Securities and Exchange Commission, either of which may be retained by the State Treasurer as an investment manager. The shares and the pooled or commingled fund must be held in trust. The total book value of an investment made under this paragraph must not at any time be greater than 5 percent of the total book value of all investments of the State Permanent School Fund.

(k) Mutual funds or common trust funds that consist of any combination of the investments listed in paragraphs (a) to (j), inclusive.

***(l) The limited partnerships or limited-liability companies described in ~~subsection 1 of section 5~~ section 6 of this act.***

3. The State Treasurer shall not invest any money in the State Permanent School Fund pursuant to paragraph (i), (j) or (k) ~~for (l)~~ of subsection 2 unless the State Treasurer obtains a judicial determination that the proposed investment or category of investments will not violate the provisions of Section 9 of Article 8 of the Constitution of the State of Nevada. The State Treasurer shall contract for the services of independent contractors to manage any investments of the State Treasurer made pursuant to paragraph (i), (j) or (k) of subsection 2. The State Treasurer shall establish such criteria for the

qualifications of such an independent contractor as are appropriate to ensure that each independent contractor has expertise in the management of such investments.

4. In addition to the investments authorized by subsection 2, the State Treasurer may make loans of money from the State Permanent School Fund to school districts pursuant to NRS 387.526.

5. No part of the State Permanent School Fund may be invested pursuant to a reverse-repurchase agreement.

Senator Cegavske moved the adoption of the amendment.

Remarks by Senator Cegavske.

Senator Cegavske requested that her remarks be entered in the Journal.

Currently, Senate Bill No. 75 requires the Nevada State Treasurer to form an independent corporation for public benefit for the purpose of making private equity investments using up to \$50 million of money in the State Permanent School Fund. Under the introduced version of Senate Bill No. 75, before making these investments, the State Treasurer must obtain a judicial determination that such investments do not violate Article 8, Section 9 of the *Nevada Constitution*, which prohibits the State from owning equity in private businesses.

Following the introduction of Senate Bill No. 75, the First Judicial District issued a declaratory order that Article 8, Section 9 of the *Nevada Constitution* does not apply to the State Permanent School Fund because it is a special fund. Based on this declaratory order, Amendment No. 565 to Senate Bill No. 75 removes the requirement to obtain a judicial determination before making investments under this bill and the requirement that the State Treasurer form an independent corporation to make these investments. Instead, the amendment requires the Treasurer, at the direction of the Commission on Economic Development, to make private equity investments in private businesses.

In addition, Senate Bill No. 75 currently authorizes the corporation for public benefit to place investments through venture capital and private equity investment firms. The amendment removes the reference to venture capital and prohibits money invested pursuant to this bill from being used to make venture capital investments. The definition of venture capital investments is based on the definition of venture capital in the "Venture Capital Investment Act of South Carolina."

Motion lost on a division of the house.

The following amendment was proposed by Senator Kieckhefer:

Amendment No. 566.

"SUMMARY—Establishes a program to provide private equity funding to businesses engaged in certain industries in this State. (BDR 31-523)"

"AN ACT relating to public financial administration; establishing a program to provide private equity funding to businesses engaged in certain industries in this State; and providing other matters properly relating thereto."

**Legislative Counsel's Digest:**

Under existing law, the State is prohibited from donating or loaning state money or credit, or subscribing to or being interested in the stock of any company, association or corporation, except a corporation that is formed for educational or charitable purposes. (Nev. Const. Art. 8, § 9) Existing law also requires the State Treasurer to negotiate for the investment of money in the State Permanent School Fund. However, the State Treasurer is prohibited from making certain investments unless he or she obtains a judicial



determination that such an investment does not violate the provisions of Section 9 of Article 8 of the Nevada Constitution. (NRS 355.060)

**Section 5** of this bill requires the State Treasurer to form an independent corporation for public benefit, the purpose of which is to act as a limited partner of limited partnerships or a shareholder or member of limited-liability companies that provide private equity funding to businesses that engage in certain industries. **Sections 6 and 8** of this bill authorize the State Treasurer to transfer from the State Permanent School Fund to this corporation an amount not to exceed \$50 million, if the State Treasurer obtains a judicial determination that such a use of that money will not violate Article 8, Section 9 of the Nevada Constitution. **Section 6** requires this transfer to be made pursuant to an agreement which requires 70 percent of the private equity funding provided by the corporation to be provided to businesses engaged in certain industries that are located or seeking to locate in Nevada.

WHEREAS, NRS 355.060 authorizes the State Treasurer to invest money in the State Permanent School Fund in certain investments; and

WHEREAS, The State Treasurer seeks to invest money in the State Permanent School Fund in accordance with sound and prudent investment principles which include a primary emphasis on the preservation of assets followed by an emphasis on return; and

WHEREAS, A greater return on Permanent School Fund money invested by the State Treasurer will have a direct beneficial impact on Nevada schools and students; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would assist the State of Nevada in diversifying the economic base of the State; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would attract new businesses and investment to the State of Nevada, resulting in high-paying, quality jobs; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would create greater exposure for institutions of the Nevada System of Higher Education through expanded projects designed around health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology and other industries critical to economic development in this State would encourage innovation and cooperation among institutions of the Nevada System of Higher Education and private sector businesses located in the State of Nevada; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences, cyber security, homeland security and defense, alternative energy, advanced materials and manufacturing, information technology other industries critical to economic development in this State would increase the ability of institutions of the Nevada System of Higher Education, businesses in the State of Nevada and nonprofit corporations and organizations in the State of Nevada to compete more successfully for federal and private research and development funding; and

WHEREAS, The availability of private equity funding for investment in health care and life sciences research and development would provide for advanced medical care being available to people living in and visiting the State of Nevada; and

WHEREAS, The State of Nevada, through the establishment of methods to provide private equity funding to businesses in this State, would provide economic growth and world-class medical care and training and would assist in the creation of high-paying, quality jobs for people living in the State of Nevada; now, therefore,

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

**Section 1.** Chapter 355 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 7, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 7, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 and 4 of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** *"Corporation for public benefit" means a corporation that is recognized as exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, future amendments to that section and the corresponding provisions of future internal revenue laws.*

**Sec. 4.** *"Private equity funding" means an investment in or a purchase of securities in operating businesses that are not publicly traded on a stock exchange.*

**Sec. 5. 1.** *The State Treasurer shall cause to be formed in this State an independent corporation for public benefit, the general purpose of which is to act as a limited partner of limited partnerships or a shareholder or member of limited-liability companies that provide private equity funding to businesses:*

- (a) Located in this State or seeking to locate in this State; and*
- (b) Engaged primarily in one or more of the following industries:*

(1) *Health care and life sciences.*

(2) *Cyber security.*

(3) *Homeland security and defense.*

(4) *Alternative energy.*

(5) *Advanced materials and manufacturing.*

(6) *Information technology.*

(7) *Any other industry that the board of directors of the corporation for public benefit determines to be critical to the economic development of this State.*

2. *The corporation for public benefit created pursuant to subsection 1 may place investments through the use or assistance of:*

(a) *External asset managers; or*

(b) ~~*Venture capital and private*~~ *Private equity investment firms.*

3. *Money received pursuant to section 6 of this act by the corporation for public benefit created pursuant to subsection 1 may not be used to make venture capital investments.*

4. *As used in this section, "venture capital" means equity, near-equity and seed capital financing, including, without limitation, early stage research and development capital for start-up enterprises, and other equity, near-equity or seed capital for growth and expansion of entrepreneurial enterprises.*

Sec. 6. *If the State Treasurer obtains the judicial determination required by subsection 3 of NRS 355.060, the State Treasurer may transfer an amount not to exceed \$50 million from the State Permanent School Fund to the corporation for public benefit created pursuant to section 5 of this act. Such a transfer must be made pursuant to an agreement that requires the corporation for public benefit to:*

1. *Provide, through the limited partnerships or limited-liability companies described in subsection 1 of section 5 of this act, private equity funding; and*

2. *Ensure that at least 70 percent of all private equity funding provided by the corporation is provided to businesses:*

(a) *Located in this State or seeking to locate in this State; and*

(b) *Engaged primarily in one or more of the following industries:*

(1) *Health care and life sciences.*

(2) *Cyber security.*

(3) *Homeland security and defense.*

(4) *Alternative energy.*

(5) *Advanced materials and manufacturing.*

(6) *Information technology.*

(7) *Any other industry that the board of directors of the corporation for public benefit created pursuant to section 5 of this act determines to be critical to the economic development of this State.*

Sec. 7. *The State Treasurer shall:*

*1. Adopt such regulations as he or she deems necessary to carry out the provisions of sections 2 to 7, inclusive, of this act, including, without limitation, the performance of such audits and the submission of such reports as he or she deems appropriate to ensure compliance with the provisions of sections 2 to 7, inclusive, of this act and the regulations adopted pursuant to this section. The regulations may include criteria for determining eligibility for and use of private equity funding, but the corporation for public benefit established pursuant to section 5 of this act must have sole authority for the approval of applications for and the management of private equity funding provided pursuant to sections 2 to 7, inclusive, of this act.*

*2. Provide the corporation for public benefit created pursuant to section 5 of this act with such assistance as is necessary to carry out the provisions of sections 2 to 7, inclusive, of this act and comply with the regulations adopted pursuant to this section.*

**Sec. 8.** NRS 355.060 is hereby amended to read as follows:

355.060 1. The State Controller shall notify the State Treasurer monthly of the amount of uninvested money in the State Permanent School Fund.

2. Whenever there is a sufficient amount of money for investment in the State Permanent School Fund, the State Treasurer shall proceed to negotiate for the investment of the money in:

(a) United States bonds.

(b) Obligations or certificates of the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Banks Funding Corporation or the Student Loan Marketing Association, whether or not guaranteed by the United States.

(c) Bonds of this state or of other states.

(d) Bonds of any county of the State of Nevada.

(e) United States treasury notes.

(f) Farm mortgage loans fully insured and guaranteed by the ~~Farmers Home Administration~~ **Farm Service Agency** of the United States Department of Agriculture.

(g) Loans at a rate of interest of not less than 6 percent per annum, secured by mortgage on agricultural lands in this state of not less than three times the value of the amount loaned, exclusive of perishable improvements, of unexceptional title and free from all encumbrances.

(h) Money market mutual funds that:

(1) Are registered with the Securities and Exchange Commission;

(2) Are rated by a nationally recognized rating service as "AAA" or its equivalent; and

(3) Invest only in securities issued or guaranteed as to payment of principal and interest by the Federal Government, or its agencies or

instrumentalities, or in repurchase agreements that are fully collateralized by such securities.

(i) Common or preferred stock of a corporation created by or existing under the laws of the United States or of a state, district or territory of the United States, if:

(1) The stock of the corporation is:

(I) Listed on a national stock exchange; or

(II) Traded in the over-the-counter market, if the price quotations for the over-the-counter stock are quoted by the National Association of Securities Dealers Automated Quotations System (NASDAQ);

(2) The outstanding shares of the corporation have a total market value of not less than \$50,000,000;

(3) The maximum investment in stock is not greater than 50 percent of the book value of the total investments of the State Permanent School Fund;

(4) Except for investments made pursuant to paragraph (k), the amount of an investment in a single corporation is not greater than 3 percent of the book value of the assets of the State Permanent School Fund; and

(5) Except for investments made pursuant to paragraph (k), the total amount of shares owned by the State Permanent School Fund is not greater than 5 percent of the outstanding stock of a single corporation.

(j) A pooled or commingled real estate fund or a real estate security that is managed by a corporate trustee or by an investment advisory firm that is registered with the Securities and Exchange Commission, either of which may be retained by the State Treasurer as an investment manager. The shares and the pooled or commingled fund must be held in trust. The total book value of an investment made under this paragraph must not at any time be greater than 5 percent of the total book value of all investments of the State Permanent School Fund.

(k) Mutual funds or common trust funds that consist of any combination of the investments listed in paragraphs (a) to (j), inclusive.

***(l) The limited partnerships or limited-liability companies described in subsection 1 of section 5 of this act.***

3. The State Treasurer shall not invest any money in the State Permanent School Fund pursuant to paragraph (i), (j), ~~(k)~~ ***(l)*** of subsection 2 unless the State Treasurer obtains a judicial determination that the proposed investment or category of investments will not violate the provisions of Section 9 of Article 8 of the Constitution of the State of Nevada. The State Treasurer shall contract for the services of independent contractors to manage any investments of the State Treasurer made pursuant to paragraph (i), (j) or (k) of subsection 2. The State Treasurer shall establish such criteria for the qualifications of such an independent contractor as are appropriate to ensure that each independent contractor has expertise in the management of such investments.

4. In addition to the investments authorized by subsection 2, the State Treasurer may make loans of money from the State Permanent School Fund to school districts pursuant to NRS 387.526.

5. No part of the State Permanent School Fund may be invested pursuant to a reverse-repurchase agreement.

Senator Kieckhefer moved the adoption of the amendment.

Remarks by Senator Kieckhefer.

Senator Kieckhefer requested that his remarks be entered in the Journal.

Thank you, Mr. President. Amendment No. 566 clarifies that investments out of this fund cannot be used for venture capital and instead are limited to private equity.

Amendment adopted.

Bill ordered reprinted, engrossed and to third reading.

Assembly Bill No. 9.

Bill read third time.

Roll call on Assembly Bill No. 9:

YEAS—13.

NAYS—Brower, Cegavske, Gustavson, Halseth, Kieckhefer, Rhoads, Roberson, Settlemeyer—8.

Assembly Bill No. 9 having failed to receive a two-thirds majority, Mr. President declared it lost.

Assembly Bill No. 107.

Bill read third time.

Roll call on Assembly Bill No. 107:

YEAS—21.

NAYS—None.

Assembly Bill No. 107 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 109.

Bill read third time.

Roll call on Assembly Bill No. 109:

YEAS—21.

NAYS—None.

Assembly Bill No. 109 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 161.

Bill read third time.

Roll call on Assembly Bill No. 161:

YEAS—21.

NAYS—None.

Assembly Bill No. 161 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 211.

Bill read third time.

Remarks by Senators Parks, Hardy and Leslie.

Senator Parks requested that the following remarks be entered in the Journal.

SENATOR PARKS:

Assembly Bill No. 211 extends existing employment protections related to discrimination against a person's race, color, creed, sex, or sexual orientation, among others, by prohibiting discrimination based upon a person's gender identity or expression. Gender identity or expression is defined as gender-related identity, appearance, expression, or behavior of a person, regardless of the person's assigned sex at birth. The measure requires employers to allow an employee to appear, groom, and dress in a manner consistent with the employee's gender identity or expression. Further, sexual orientation and gender identity or expression are added to the list of categories upon which the Nevada Equal Rights Commission may investigate allegations of discrimination.

Transgender individuals are persons who identify with the gender opposite of which they were born, or who express their gender in ways that may not be considered typical.

Transgender persons face unique challenges, including pervasive discrimination, ignorance, and hatred. Transgender individuals do not choose to be the way they are; instead, they are acting on deep-seated and irreversible feelings.

It is wrong to discriminate against people for characteristics that harm no one else and that are a legitimate expression of an innate sense of self. It is harmful to society to deprive such individuals of the ability to earn a living, find housing, to use stores, restaurants and other facilities and, especially, live free of fear.

Nevada has a proud history of protecting the personal liberty of its citizens. It is time to extend that liberty and protection to transgender individuals. I encourage your favorable vote.

SENATOR HARDY:

Thank you, Mr. President. We talk about liberty and liberty of religion that comes after the phrase "gender or expression." We do not allow expression to come after the word "religion." The way the phraseology is, when we talk about gender or expression, it would make more sense if it said "gender expression" instead of "gender or expression." There could be mischief made with the interpretation of the word "expression." I will not be supporting this bill, though I think the concept of discrimination needs looked at in such a way that it allays everyone's concerns. We are not doing that with this vote.

SENATOR LESLIE:

Thank you, Mr. President. I would like to point out that the language in this bill, "gender identity or expression," has been used almost universally in transgender inclusive and anti-discrimination laws around the country. Last week, Hawaii became the thirteenth state to ban discrimination on the basis of gender identity and expression. There are more than 125 cities and counties across the country that also use this language. Almost all Fortune 500 companies include transgender protections in their policies and procedures including our own Caesar's Entertainment.

I urge your support.

Roll call on Assembly Bill No. 211:

YEAS—11.

NAYS—Brower, Cegavske, Gustavson, Halseth, Hardy, Lee, McGinness, Rhoads, Roberson, Settlemeyer—10.

Assembly Bill No. 211 having received a constitutional majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 244.

Bill read third time.

Roll call on Assembly Bill No. 244:

YEAS—21.

NAYS—None.

Assembly Bill No. 244 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 269.

Bill read third time.

Remarks by Senator Brower.

Senator Brower requested that his remarks be entered in the Journal.

Thank you, Mr. President. Not serving on the Senate Judiciary Committee, I did not hear the testimony on this bill. In looking at it, I must rise in opposition. This does not make any sense at all in terms of my understanding of criminal procedure.

I have spent some time with grand juries. I have presented cases to grand juries. I know how they operate. I know what the rules are and what the constitutional requirements are. At the grand jury phase of an investigation, there is no defendant. No one has been charged with anything yet. That is the purpose of the grand jury. A target of an investigation cannot be in the room with the grand jury. The target of the investigation cannot have counsel representing him or her in the grand jury. The target cannot provide evidence to the grand jury. That happens later under our system if and when there is an actual indictment. In the federal system, if there is no indictment, then the grand jury proceedings stay secret forever. The world is not supposed to know that the target was investigated.

This fundamentally does not make sense, to me, in how the system works every day and has worked for centuries. The grand jury is supposed to hear evidence and only the evidence that is presented to it during its proceedings. It is not supposed to hear what might have happened or not happened in a previous proceeding in some other courtroom. This bill is not necessary and is a major departure from centuries of grand jury practice. I do not see the need for this. I urge you to vote "no."

Roll call on Assembly Bill No. 269:

YEAS—11.

NAYS—Brower, Cegavske, Gustavson, Halseth, Hardy, Kieckhefer, McGinness, Rhoads, Roberson, Settlemeyer—10.

Assembly Bill No. 269 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 271.

Bill read third time.



Roll call on Assembly Bill No. 271:

YEAS—21.

NAYS—None.

Assembly Bill No. 271 having received a constitutional majority,  
Mr. President declared it passed, as amended.  
Bill ordered transmitted to the Assembly.

Assembly Bill No. 284.

Bill read third time.

Remarks by Senator Roberson.

Senator Roberson requested that his remarks be entered in the Journal.

Thank you, Mr. President. I wanted to voice my support for this bill. I appreciate the work of  
Majority Leader Conklin. This bill makes a lot of common sense changes that we need.

Roll call on Assembly Bill No. 284:

YEAS—20.

NAYS—Gustavson.

Assembly Bill No. 284 having received a two-thirds majority,  
Mr. President declared it passed.  
Bill ordered transmitted to the Assembly.

Assembly Bill No. 321.

Bill read third time.

Roll call on Assembly Bill No. 321:

YEAS—21.

NAYS—None.

Assembly Bill No. 321 having received a constitutional majority,  
Mr. President declared it passed.  
Bill ordered transmitted to the Assembly.

Assembly Bill No. 352.

Bill read third time.

Roll call on Assembly Bill No. 352:

YEAS—20.

NAYS—Settelmeyer.

Assembly Bill No. 352 having received a constitutional majority,  
Mr. President declared it passed.  
Bill ordered transmitted to the Assembly.

Assembly Bill No. 355.

Bill read third time.

Roll call on Assembly Bill No. 355:

YEAS—21.

NAYS—None.

Assembly Bill No. 355 having received a constitutional majority,  
Mr. President declared it passed.  
Bill ordered transmitted to the Assembly.

Assembly Bill No. 408.

Bill read third time.

Roll call on Assembly Bill No. 408:

YEAS—21.

NAYS—None.

Assembly Bill No. 408 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 429.

Bill read third time.

Roll call on Assembly Bill No. 429:

YEAS—21.

NAYS—None.

Assembly Bill No. 429 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 441.

Bill read third time.

Roll call on Assembly Bill No. 441:

YEAS—21.

NAYS—None.

Assembly Bill No. 441 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 538.

Bill read third time.

Roll call on Assembly Bill No. 538:

YEAS—21.

NAYS—None.

Assembly Bill No. 538 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 556.

Bill read third time.

Roll call on Assembly Bill No. 556:

YEAS—21.

NAYS—None.

Assembly Bill No. 556 having received a constitutional majority,  
Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

## MOTIONS, RESOLUTIONS AND NOTICES

Senator Hardy moved to reconsider the vote on Amendment No. 565 to Senate Bill No. 75.

Mr. President announced that if there were no objections, the Senate would recess subject to the call of the Chair.

Senate in recess at 1:13 p.m.

## SENATE IN SESSION

At 1:20 p.m.

President Krolicki presiding.

Quorum present.

Remarks by Senator Horsford.

Senator Horsford requested that his remarks be entered in the Journal.

Thank you, Mr. President. Out of respect to my colleague from Clark District No. 12, the motion to reconsider is appropriate and we will support it. Let us discuss the process and the procedure. Senate Bill No. 75 was amended with Amendment 566 offered by Senator Kieckhefer. That amendment will be reprinted and Senate Bill No. 75 as amended will be on General File. The notice offered by my colleague from Clark District No. 12 for reconsideration on his vote on Amendment no. 565 is in order. It will be reconsidered. It will be reconsidered on General File tomorrow based on the notice you have given today. It will go to reprint with the amendment. It will be on General File. Amendment No. 565 will be reconsidered on General File the next legislative day. That is appropriate.

Motion carried to reconsider the vote on Amendment No. 565 to Senate Bill No. 75 on General File for the next Legislative day.

## UNFINISHED BUSINESS

## SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the President and Secretary signed Assembly Bills Nos. 6, 25, 57, 102, 150, 181, 194, 226, 350, 537.

## GUESTS EXTENDED PRIVILEGE OF SENATE FLOOR

On request of Senator Parks, the privilege of the Floor of the Senate Chamber for this day was extended to Lauren Scott.

Senator Horsford moved that the Senate adjourn until Friday, May 13, 2011, at 11 a.m.

Motion carried.

Senate adjourned at 1:23 p.m.

Approved:

BRIAN K. KROLICKI  
*President of the Senate*

Attest: DAVID A. BYERMAN  
*Secretary of the Senate*