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ASSEMBLY BILL NO. 17—COMMITTEE ON TAXATION

(ON BEHALF OF THE OFFICE OF ECONOMIC DEVELOPMENT)

PREFILED DECEMBER 20, 2014

Referred to Committee on Taxation

SUMMARY—Provides for the establishment of a nonprofit entity for certain economic development purposes. (BDR 18-292)

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.

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AN ACT relating to economic development; providing for the establishment by the Executive Director of the Office of Economic Development of a nonprofit entity for certain economic development purposes; revising provisions governing the confidentiality of certain records and documents; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 This bill provides for the establishment by the Executive Director of the Office  
2 of Economic Development of a nonprofit entity for certain economic development  
3 purposes. **Section 2** of this bill authorizes the Executive Director to propose the  
4 formation of a nonprofit entity that is exempt from federal income taxation, the  
5 purpose of which is to promote, aid and encourage economic development in this  
6 State or a locality or region of this State. Under **section 1** of this bill, the Board of  
7 Economic Development is required to review the Executive Director’s proposal and  
8 approve, disapprove or modify the proposal. **Section 2** authorizes the Executive  
9 Director to form the nonprofit corporation with the approval of the Board. **Section**  
10 **2** further provides that certain records and documents in the possession of the  
11 nonprofit corporation must be kept confidential to the same extent that records and  
12 documents in the possession of the Office must be kept confidential. Finally,  
13 **section 3** of this bill requires the Office to adopt regulations prescribing: (1) the  
14 means by which the Office will verify and ensure that the nonprofit corporation will  
15 further the public interest in economic development; and (2) the procedures by  
16 which the Office will ensure that records and documents used by the nonprofit  
17 corporation will be kept confidential when those records and documents are  
18 required to be kept confidential under existing law.



19 Existing law requires the Office to keep confidential certain records and  
20 documents. (NRS 231.069) **Section 4** of this bill establishes a procedure by which a  
21 client of the Office may request that the Office keep confidential certain records  
22 and documents of the client and requires the Office to keep confidential those  
23 records and documents if the Office finds that the records and documents contain  
24 proprietary or confidential information.

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

1 **Section 1.** NRS 231.037 is hereby amended to read as follows:  
2 231.037 The Board shall:

3 1. Review and evaluate all programs of economic development  
4 in this State and make recommendations to the Legislature for  
5 legislation to improve the effectiveness of those programs in  
6 implementing the State Plan for Economic Development developed  
7 by the Executive Director pursuant to subsection 2 of NRS 231.053.

8 2. Recommend to the Executive Director a State Plan for  
9 Economic Development and make recommendations to the  
10 Executive Director for carrying out the State Plan for Economic  
11 Development, including, without limitation, recommendations  
12 regarding the development and implementation of a recruiting  
13 and marketing effort to attract professionals and businesses to this  
14 State.

15 3. Recommend to the Executive Director the criteria for the  
16 designation of regional development authorities.

17 4. Make recommendations to the Executive Director for the  
18 designation for the southern region of this State, the northern region  
19 of this State and the rural region of this State, one or more regional  
20 development authorities for each region.

21 5. Provide advice and recommendations to the Executive  
22 Director concerning:

23 (a) The procedures to be followed by any entity seeking to  
24 obtain any development resource, allocation, grant or loan from the  
25 Office;

26 (b) The criteria to be used by the Office in providing  
27 development resources and making allocations, grants and loans;

28 (c) The requirements for reports from the recipients of  
29 development resources, allocations, grants and loans from the Office  
30 concerning the use thereof; and

31 (d) Any other activities of the Office.

32 6. Review each proposal by the Executive Director to enter into  
33 a contract pursuant to NRS 231.057 for more than \$100,000 or  
34 allocate, grant or loan more than \$100,000 to any entity and, as the  
35 Board determines to be in the best interests of the State, approve or



1 disapprove the proposed allocation, grant or loan. Notwithstanding  
2 any other statutory provision to the contrary, the Executive Director  
3 shall not enter into any contract pursuant to NRS 231.057 for more  
4 than \$100,000 or make any allocation, grant or loan of more than  
5 \$100,000 to any entity unless the allocation, grant or loan is  
6 approved by the Board.

7 ***7. Review each proposal by the Executive Director pursuant***  
8 ***to subsection 7 of NRS 231.053 to form a nonprofit corporation***  
9 ***that is exempt from federal income taxation, the purpose of which***  
10 ***is to promote, aid and encourage economic development in this***  
11 ***State or a locality or region of this State and, as the Board***  
12 ***determines to be in the best interests of this State, approve,***  
13 ***disapprove or modify the proposal made by the Executive Director.***

14 **Sec. 2.** NRS 231.053 is hereby amended to read as follows:

15 231.053 After considering any pertinent advice and  
16 recommendations of the Board, the Executive Director:

17 1. Shall direct and supervise the administrative and technical  
18 activities of the Office.

19 2. Shall develop and may periodically revise a State Plan for  
20 Economic Development, which must include a statement of:

21 (a) New industries which have the potential to be developed in  
22 this State;

23 (b) The strengths and weaknesses of this State for business  
24 incubation;

25 (c) The competitive advantages and weaknesses of this State;

26 (d) The manner in which this State can leverage its competitive  
27 advantages and address its competitive weaknesses;

28 (e) A strategy to encourage the creation and expansion of  
29 businesses in this State and the relocation of businesses to this State;  
30 and

31 (f) Potential partners for the implementation of the strategy,  
32 including, without limitation, the Federal Government, local  
33 governments, local and regional organizations for economic  
34 development, chambers of commerce, and private businesses,  
35 investors and nonprofit entities.

36 3. Shall develop criteria for the designation of regional  
37 development authorities pursuant to subsection 4.

38 4. Shall designate as many regional development authorities  
39 for each region of this State as the Executive Director determines to  
40 be appropriate to implement the State Plan for Economic  
41 Development. In designating regional development authorities, the  
42 Executive Director must consult with local governmental entities  
43 affected by the designation. The Executive Director may, if he or  
44 she determines that such action would aid in the implementation of  
45 the State Plan for Economic Development, remove the designation



1 of any regional development authority previously designated  
2 pursuant to this section and declare void any contract between the  
3 Office and that regional development authority.

4 5. Shall establish procedures for entering into contracts with  
5 regional development authorities to provide services to aid, promote  
6 and encourage the economic development of this State.

7 6. May apply for and accept any gift, donation, bequest, grant  
8 or other source of money to carry out the provisions of NRS  
9 231.020 to 231.139, inclusive, and 231.1573 to 231.1597, inclusive.

10 7. *May propose to the Board the formation of a nonprofit*  
11 *corporation that is exempt from federal income taxation, the*  
12 *purpose of which is to promote, aid and encourage economic*  
13 *development in this State or a locality or region of this State and,*  
14 *with the approval of the Board, form such a nonprofit corporation.*  
15 *The nonprofit corporation shall keep confidential any record or*  
16 *other document of a client which is in its possession to the same*  
17 *extent that the record or other document would be required to keep*  
18 *confidential pursuant to NRS 231.069.*

19 8. May adopt such regulations as may be necessary to carry out  
20 the provisions of NRS 231.020 to 231.139, inclusive, and 231.1573  
21 to 231.1597, inclusive.

22 ~~8.7~~ 9. In a manner consistent with the laws of this State, may  
23 reorganize the programs of economic development in this State to  
24 further the State Plan for Economic Development. If, in the opinion  
25 of the Executive Director, changes to the laws of this State are  
26 necessary to implement the economic development strategy for this  
27 State, the Executive Director must recommend the changes to the  
28 Governor and the Legislature.

29 **Sec. 3.** NRS 231.055 is hereby amended to read as follows:

30 231.055 Under the direction of the Executive Director, the  
31 Office:

32 1. Shall provide administrative and technical support to the  
33 Board.

34 2. Shall support the efforts of the Board, the regional  
35 development authorities designated by the Executive Director  
36 pursuant to subsection 4 of NRS 231.053 and the private sector to  
37 encourage the creation and expansion of businesses in Nevada and  
38 the relocation of businesses to Nevada.

39 3. Shall coordinate and oversee all economic development  
40 programs in this State to ensure that such programs are consistent  
41 with the State Plan for Economic Development developed by the  
42 Executive Director pursuant to subsection 2 of NRS 231.053,  
43 including, without limitation:



1 (a) Coordinating the economic development activities of  
2 agencies of this State, local governments in this State and local and  
3 regional organizations for economic development to avoid  
4 duplication of effort or conflicting efforts;

5 (b) Working with local, state and federal authorities to  
6 streamline the process for obtaining abatements, financial  
7 incentives, grants, loans and all necessary permits and licenses for  
8 the creation or expansion of businesses in Nevada or the relocation  
9 of businesses to Nevada; and

10 (c) Reviewing, analyzing and making recommendations for the  
11 approval or disapproval of applications for abatements, financial  
12 incentives, development resources, and grants and loans of money  
13 provided by the Office.

14 4. *Shall adopt regulations prescribing:*

15 (a) *The means by which the Office will verify that a nonprofit*  
16 *corporation formed by the Executive Director pursuant to*  
17 *subsection 7 of NRS 231.053 furthers the public interest in*  
18 *economic development and ensure that the nonprofit corporation*  
19 *carries out such a purpose; and*

20 (b) *The procedures the Office will follow to ensure that the*  
21 *records and documents that are confidential pursuant to NRS*  
22 *231.069 will be kept confidential when the records or other*  
23 *documents are used by a nonprofit corporation formed by the*  
24 *Executive Director pursuant to subsection 7 of NRS 231.053.*

25 5. May:

26 (a) Participate in any federal programs for economic  
27 development that are consistent with the State Plan for Economic  
28 Development developed by the Executive Director pursuant to  
29 subsection 2 of NRS 231.053; and

30 (b) When practicable and authorized by federal law, act as the  
31 agency of this State to administer such federal programs.

32 **Sec. 4.** NRS 231.069 is hereby amended to read as follows:

33 231.069 1. Except as otherwise provided in *subsection 3 and*  
34 *NRS 239.0115* ~~[, if so requested by a client,]~~ *and 360.950*, the  
35 Office shall keep confidential any record or other document *of a*  
36 *client which is* in its possession ~~[concerning the initial contact with~~  
37 ~~and research and planning for that client. If such a request is made,~~  
38 *if the client:*

39 (a) *Submits a request in writing that the record or other*  
40 *document be kept confidential by the Office; and*

41 (b) *Demonstrates to the satisfaction of the Office that the*  
42 *record or other document contains proprietary or confidential*  
43 *information.*

44 2. *If the Office determines that a record or other document of*  
45 *a client contains proprietary or confidential information, the*



1 Executive Director shall attach to the file containing the record or  
2 document ~~[(a)]~~ :

3 (a) A certificate signed by him or her stating that a request for  
4 confidentiality was made by the client and the date of the request ~~[(~~  
5 ~~—2.)~~ ;

6 (b) *A copy of the written request submitted by the client;*

7 (c) *The documentation to support the request which was*  
8 *submitted by the client; and*

9 (d) *A copy of the decision of the Office determining that the*  
10 *record or other document contains proprietary or confidential*  
11 *information.*

12 3. *The Office may share the records and other documents*  
13 *that are confidential pursuant to this section with the nonprofit*  
14 *corporation formed by the Executive Director pursuant to*  
15 *subsection 7 of NRS 231.053, as deemed necessary by the Office to*  
16 *accomplish the purposes for which the nonprofit corporation was*  
17 *formed.*

18 4. Records and documents that are confidential pursuant to  
19 ~~[(subsection 4)]~~ *this section* remain confidential until the client:

20 (a) Initiates any process regarding the location of his or her  
21 business in Nevada which is within the jurisdiction of a state agency  
22 other than the Office; or

23 (b) Decides to locate his or her business in Nevada.

24 5. *As used in this section, “proprietary or confidential*  
25 *information” has the meaning ascribed to it in NRS 360.247.*

26 **Sec. 5.** Section 4 of this act is hereby amended to read as  
27 follows:

28 Sec. 4. NRS 231.069 is hereby amended to read as  
29 follows:

30 231.069 1. Except as otherwise provided in subsection  
31 3 and NRS 239.0115 , ~~[(and NRS 360.950.)]~~ the Office shall  
32 keep confidential any record or other document of a client  
33 which is in its possession if the client:

34 (a) Submits a request in writing that the record or other  
35 document be kept confidential by the Office; and

36 (b) Demonstrates to the satisfaction of the Office that the  
37 record or other document contains proprietary or confidential  
38 information.

39 2. If the Office determines that a record or other  
40 document of a client contains proprietary or confidential  
41 information, the Executive Director shall attach to the file  
42 containing the record or document:

43 (a) A certificate signed by him or her stating that a  
44 request for confidentiality was made by the client and the date  
45 of the request;



- 1 (b) A copy of the written request submitted by the client;
- 2 (c) The documentation to support the request which was
- 3 submitted by the client; and
- 4 (d) A copy of the decision of the Office determining that
- 5 the record or other document contains proprietary or
- 6 confidential information.

7 3. The Office may share the records and other  
8 documents that are confidential pursuant to this section with  
9 the nonprofit corporation formed by the Executive Director  
10 pursuant to subsection 7 of NRS 231.053, as deemed  
11 necessary by the Office to accomplish the purposes for which  
12 the nonprofit corporation was formed.

13 4. Records and documents that are confidential pursuant  
14 to this section remain confidential until the client:

15 (a) Initiates any process regarding the location of his or  
16 her business in Nevada which is within the jurisdiction of a  
17 state agency other than the Office; or

18 (b) Decides to locate his or her business in Nevada.

19 5. As used in this section, "proprietary or confidential  
20 information" has the meaning ascribed to it in NRS 360.247.

21 **Sec. 6.** 1. This section and sections 1 to 4, inclusive, of this  
22 act become effective:

23 (a) Upon passage and approval for the purpose of adopting  
24 regulations and performing any other preparatory administrative  
25 tasks that are necessary to carry out the provisions of this act; and

26 (b) On July 1, 2015, for all other purposes.

27 2. Section 5 of this act becomes effective on July 1, 2036.

