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FIRST REPRINT

A.B. 41

ASSEMBLY BILL NO. 41—COMMITTEE ON REVENUE

(ON BEHALF OF THE OFFICE OF ECONOMIC DEVELOPMENT
IN THE OFFICE OF THE GOVERNOR)

PREFILED NOVEMBER 16, 2022

Referred to Committee on Revenue

SUMMARY—Establishes the Nevada Innovation Account.
(BDR 18-213)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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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 economic development; establishing the Nevada Innovation Account; requiring the Executive Director of the Office of Economic Development within the Office of the Governor to establish certain programs to be funded from the Account; establishing certain duties of the Executive Director regarding such programs; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law establishes the Office of Economic Development within the Office
2 of the Governor, the administration and technical activities of which are directed
3 and supervised by an Executive Director. (NRS 231.043, 231.047) Existing law
4 authorizes the Executive Director to cause the formation of a nonprofit entity for
5 certain economic development purposes, upon approval by the Board of Economic
6 Development. (NRS 231.0545) **Section 3** of this bill creates the Nevada Innovation
7 Account in the State General Fund and requires the Executive Director to
8 administer the Account. **Section 5** of this bill requires the Executive Director to
9 establish certain programs to be funded from the Account and to establish
10 procedures for applying for an allocation of money from the Account pursuant to
11 such programs. **Section 4** of this bill requires the Executive Director to enter into a
12 contract with a nonprofit corporation for economic development to operate such
13 programs. **Section 5** requires applications for an allocation from the Account to be
14 made to the nonprofit corporation and authorizes the nonprofit corporation to
15 approve such applications if the nonprofit corporation makes certain findings.
16 **Section 5** authorizes the Executive Director to make an allocation from the
17 Account to an applicant whose application is approved by the nonprofit
18 corporation. **Section 6** of this bill sets forth various duties of the Executive Director



19 regarding the programs established pursuant to **section 5. Section 7** of this bill
20 makes a conforming change to exclude an allocation of money from the Account
21 from the definition of “development resource.”

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

1 **Section 1.** Chapter 231 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 6, inclusive, of this
3 act.

4 **Sec. 2.** *As used in sections 2 to 6, inclusive, of this act, unless*
5 *the context otherwise requires:*

6 1. *“Accelerator” means a full-time, immersive program*
7 *which is administered by a private entity or the Nevada System of*
8 *Higher Education to potentially invest in, mentor and accelerate*
9 *the commercial development of start-up businesses.*

10 2. *“Incubator” means a facility designed to assist*
11 *entrepreneurs and support the growth of start-up businesses by*
12 *providing assistance which may include, without limitation,*
13 *shared business services, equipment, space and access to on-site*
14 *business consultants.*

15 3. *“Nonprofit corporation for economic development” means*
16 *the nonprofit corporation formed by the Executive Director*
17 *pursuant to NRS 231.0545 with which the Executive Director has*
18 *entered into a contract pursuant to section 4 of this act.*

19 4. *“Private entity” means a privately owned corporation,*
20 *limited-liability company, partnership, sole proprietorship or other*
21 *business entity or association including, without limitation, a*
22 *nonprofit corporation.*

23 5. *“Small Business Innovation Research Program” means*
24 *the Small Business Innovation Research Program enacted*
25 *pursuant to the Small Business Innovation Development Act of*
26 *1982, 15 U.S.C. § 638, as amended.*

27 6. *“Small Business Technology Transfer Program” means*
28 *the Small Business Technology Transfer Program enacted*
29 *pursuant to the Small Business Technology Transfer Act of 1992,*
30 *15 U.S.C. § 638, as amended.*

31 7. *“Technology readiness level” means the level of maturity*
32 *of a technology as determined using the method for assessing such*
33 *maturity that is used by the Federal Government and is*
34 *determined by the nonprofit corporation for economic*
35 *development to be most appropriate for assessing the maturity of*
36 *the technology.*

37 **Sec. 3.** *1. The Nevada Innovation Account is hereby*
38 *created in the State General Fund.*



2. *The interest and income earned on:*

(a) *Money in the Account, after deducting any applicable charges; and*

(b) *Unexpended appropriations made to the Account from the State General Fund,*

↳ must be credited to the Account.

3. *Any money in the Account and any unexpended appropriations made to the Account from the State General Fund remaining at the end of a fiscal year do not revert to the State General Fund, and the balance in the Account must be carried forward to the next fiscal year.*

4. *The Executive Director may apply for and accept any gift, grant, donation, bequest, federal allocation or other source of money for deposit into the Account. The Executive Director and the nonprofit corporation for economic development may enter into any agreement necessary to claim federal funds for deposit in the Account.*

5. *The Executive Director shall administer the Account in a manner that is consistent with the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053.*

Sec. 4. *The Executive Director shall enter into a contract with a nonprofit corporation formed pursuant to NRS 231.0545 for the operation of the programs established pursuant to section 5 of this act and to carry out the duties assigned to the nonprofit corporation for economic development pursuant to sections 2 to 6, inclusive, of this act.*

Sec. 5. 1. *The Executive Director shall, to the extent that money in the Nevada Innovation Account is available for this purpose, establish:*

(a) *One or more competitive grant programs that:*

(I) *Are designed to:*

(I) *Address market gaps in the development of technology in this State; and*

(II) *Support research, development and innovation of promising technologies with strong market potential and that have a technology readiness level of at least 3 and not more than 5.*

(2) *Offer grants, on a competitive basis, to:*

(I) *Private entities that had not more than \$2,000,000 in combined financing, grant funding and revenues within the 3 years immediately preceding the date of the grant application and employ not more than ten full-time equivalent employees; or*

(II) *Partnerships between the Nevada System of Higher Education and private entities that had not more than \$2,000,000 in combined financing, grant funding and revenues within the 3*



1 *years immediately preceding the date of the grant application and*
2 *employ not more than ten full-time equivalent employees.*

3 (3) *Do not overlap with or duplicate other state funded*
4 *programs.*

5 (b) *A program that provides matching funds to businesses that*
6 *have received an award under the Small Business Innovation*
7 *Research Program or the Small Business Technology Transfer*
8 *Program.*

9 (c) *A program to promote and encourage the establishment,*
10 *maintenance and operation of incubators and accelerators in this*
11 *State by providing grants or other financial assistance to*
12 *companies, nonprofit entities, economic development agencies,*
13 *educational institutions, governmental agencies or other entities*
14 *for programs that promote an entrepreneurial business*
15 *environment or train or educate entrepreneurs.*

16 (d) *A program, in cooperation with entrepreneurial support*
17 *organizations operating in this State and the Nevada System of*
18 *Higher Education, to provide internship opportunities on a*
19 *competitive basis, at Nevada companies in targeted technology*
20 *areas to university and college students who are studying relevant*
21 *fields including, without limitation, computer science, business,*
22 *engineering or science.*

23 2. *After considering any advice and recommendations of the*
24 *Board and the nonprofit corporation for economic development,*
25 *the Executive Director shall establish procedures for applying for*
26 *an allocation of money from the Account pursuant to the*
27 *programs established pursuant to subsection 1. The procedures*
28 *must include, without limitation, a requirement that applications*
29 *for allocations of money from the Account must set forth:*

30 (a) *The proposed use of the money;*

31 (b) *The plans, projects and programs for which the money will*
32 *be used;*

33 (c) *The expected benefits of the money; and*

34 (d) *A statement of the short-term and long-term impacts of the*
35 *use of the money.*

36 3. *An application for an allocation from the Account must be*
37 *made to the nonprofit corporation for economic development.*
38 *Upon receipt of an application for an allocation from the Account,*
39 *the nonprofit corporation for economic development shall review*
40 *the application and determine whether the approval of the*
41 *application would promote the economic development of this State*
42 *and aid in the implementation of the State Plan for Economic*
43 *Development developed by the Executive Director pursuant to*
44 *subsection 2 of NRS 231.053. The nonprofit corporation for*



1 *economic development may approve the application if the*
2 *nonprofit corporation for economic development determines that:*

3 *(a) Approving the application will promote the economic*
4 *development of this State and aid in the implementation of the*
5 *State Plan for Economic Development; and*

6 *(b) The applicant has satisfied any other requirements of the*
7 *program under which the application was made.*

8 *4. The Executive Director may make an allocation of money*
9 *from the Account to an applicant whose application is approved by*
10 *the nonprofit corporation for economic development pursuant to*
11 *subsection 3.*

12 **Sec. 6. The Executive Director shall:**

13 *1. For each program established pursuant to subsection 1 of*
14 *section 5 of this act, establish economic development goals which*
15 *are consistent with the State Plan for Economic Development*
16 *developed by the Executive Director pursuant to subsection 2 of*
17 *NRS 231.053.*

18 *2. Verify that the programs established pursuant to*
19 *subsection 1 of section 5 of this act are meeting the economic*
20 *development goals established pursuant to subsection 1.*

21 *3. Monitor the nonprofit corporation for economic*
22 *development to ensure that allocations from the Nevada*
23 *Innovation Account are being made in accordance with legislative*
24 *intent and to maximize the benefit and return to this State.*

25 *4. Develop methods and incentives to encourage investment*
26 *in and contributions to the programs established pursuant to*
27 *subsection 1 of section 5 of this act from the private sector and the*
28 *Federal Government.*

29 *5. Establish requirements for periodic reports to be submitted*
30 *by each recipient of an allocation from the Account to the*
31 *Executive Director and the nonprofit corporation for economic*
32 *development concerning the use of allocations from the Account.*
33 *The requirements must include, without limitation, a requirement*
34 *that each recipient of an allocation provide a report that includes:*

35 *(a) A description of each activity undertaken with money from*
36 *the allocation and the amount of money used for each such*
37 *activity; and*

38 *(b) Such documentation as the Executive Director and the*
39 *nonprofit corporation for economic development deem appropriate*
40 *to support the information provided in the report.*

41 *6. On or before November 1, 2024, and on or before*
42 *November 1 of every year thereafter, submit a report to the*
43 *Governor and to the Director of the Legislative Counsel Bureau*
44 *for transmittal to the Interim Finance Committee, if the report is*
45 *received during an odd-numbered year, or to the next session of*



1 *the Legislature, if the report is received during an even-numbered*
2 *year. The report must include, without limitation:*

3 (a) *The dollar amount of allocations awarded from the*
4 *Account;*

5 (b) *The number of applications received for an allocation from*
6 *the Account;*

7 (c) *The number of applicants awarded an allocation from the*
8 *Account;*

9 (d) *The amount of all grants, gifts, allocations and donations*
10 *made to the Account from public and private sources;*

11 (e) *The number of businesses which have been created or*
12 *expanded in this State, or relocated to this State, because of the*
13 *programs established pursuant to subsection 1 of section 5 of this*
14 *act;*

15 (f) *The number of jobs created or saved as a result of the*
16 *programs established pursuant to subsection 1 of section 5 of this*
17 *act; and*

18 (g) *The number of university and college students placed as*
19 *interns as a result of the programs established pursuant to*
20 *subsection 1 of section 5 of this act.*

21 **Sec. 7.** NRS 231.005 is hereby amended to read as follows:

22 231.005 1. "Development resource" means any funding or
23 other resource for economic development, including, without
24 limitation, a structured lease of real property.

25 2. The term does not include any:

26 (a) Funding for administrative or operating purposes;

27 (b) Grant or loan of money from the Catalyst Account created
28 by NRS 231.1573;

29 (c) Issuance of a certificate of eligibility for transferable tax
30 credits or a certificate of transferable tax credits pursuant to NRS
31 231.1555; ~~or~~

32 (d) Allocation of money from the Knowledge Account created
33 by NRS 231.1592 ~~or~~; or

34 (e) *Allocation of money from the Nevada Innovation Account*
35 *created by section 3 of this act.*

36 **Sec. 8.** The provisions of subsection 1 of NRS 218D.380 do
37 not apply to any provision of this act which adds or revises a
38 requirement to submit a report to the Legislature.

39 **Sec. 9.** This act becomes effective on July 1, 2023.

