

**Carson City
Agenda Report**

Date Submitted: April 22, 2014

Agenda Date Requested: May 1, 2014

To: Redevelopment Authority

Time Requested: 15 min.

From: Community Development – Office of Business Development

Subject Title: For Possible Action: To approve and make a recommendation to the Board of Supervisors to authorize the expenditure of one dollar (\$1) from the Fiscal Year 2013/14 Redevelopment Revolving Fund to establish a revolving loan account for loans to small businesses pursuant to the provisions of Assembly Bill 417 adopted by the 2013 Nevada State Legislature, including approval of the policies and procedures for accepting applications and processing such loan requests. (Lee Plemel)

Staff Summary: Nevada Revised Statutes (NRS) 279.700-740 requires every redevelopment agency in Nevada to create a revolving loan account that may be used to make loans at or below market rate to new or existing small businesses within the redevelopment area, subject to available funding. NRS also requires each redevelopment agency to adopt regulations for processing such loans. Carson City Redevelopment staff has worked with RAN (Redevelopment Association of Nevada) members to develop draft policies and procedures for review. The intent of funding the account with one dollar at this time is to comply with the provisions of NRS but not fully fund and implement the loan program this year.

Type of Action Requested: (check one)

<input type="checkbox"/> Resolution	<input type="checkbox"/> Ordinance
<input checked="" type="checkbox"/> Formal Action/Motion	<input type="checkbox"/> Other (Specify)

Does This Action Require a Business Impact Statement: Yes No

Redevelopment Authority Citizens Committee Recommendation: Recommended the proposed Redevelopment Authority action by a vote of 7-0, on April 7, 2014.

Recommended Board Action: I move to approve and make a recommendation to the Board of Supervisors to authorize the expenditure of one dollar from the Fiscal Year 2013/14 Redevelopment Revolving Fund to establish a revolving loan account for loans to small businesses pursuant to the provisions of Assembly Bill 417 adopted by the 2013 Nevada State Legislature, including approval of the policies and procedures for accepting applications and processing such loan requests.

Explanation for Recommended Board Action: NRS 279.700-740 requires every redevelopment agency in Nevada to create a revolving loan account that may be used to make loans at or below market rate to new or existing small businesses within the redevelopment area, subject to available funding. The purpose of this item is to comply with State law. Refer to the attached staff report to the Redevelopment Authority Citizens Committee (meeting of April 7, 2014) for more information.

Applicable State, Code, Policy, Rule or Regulation: NRS 279.700-740

Fiscal Impact: \$1 from FY 2013/14 budget.

Explanation of Impact: The money is available within existing budget.

Funding Source: Redevelopment annual budget.

Alternatives:

- 1) Provide more funding for the Revolving Loan Account

Supporting Material:

- 1) Staff memo to RACC
- 2) Draft Small Business Loan Program and Procedures
- 3) Draft Revolving Loan Fund application
- 4) AB 417 complete text

Prepared By: Lee Plemel, Community Development Director

Reviewed By: Lee Plemel Date: 4-22-14
(Office of Business Development)

Marenas Givens Date: 4-22-14
(City Manager)

Frank G. Flanagan Date: 4/22/14
(District Attorney)

David Paulson Date: 4/22/14
(Finance Director)

Board Action Taken:

Motion: _____

1) _____ Aye/Nay _____
2) _____

(Vote Recorded By)



Office of Business Development

108 E. Proctor Street
Carson City, Nevada 89701
(775) 887-2101 – Hearing Impaired: 711
www.carson.org/obd

Date: March 31, 2014

To: Redevelopment Authority Citizens Committee
Meeting of April 7, 2014

From: Lee Plemel, Community Development Director

Subject: Action to make a recommendation to the Redevelopment Authority regarding the establishment of a Redevelopment Revolving Loan Fund and associated policies and procedures for loans to small businesses pursuant to the requirements of Assembly Bill 417 (2013).

Recommended Motion: I move to recommend to the Redevelopment Authority the expenditure of one dollar (\$1) from the FY 2013-14 Revolving Fund for the Redevelopment Agency to establish a revolving loan account for small businesses, and further recommend that the Redevelopment Authority adopt the Small Business Loan Program and Procedures [as recommended by staff OR with the following modifications: _____] in compliance with the requirements of Assembly Bill 417 enacted by the Nevada State Legislature.

Discussion:

The 2013 Nevada State Legislature adopted Assembly Bill (AB) 417 requiring every redevelopment agency in Nevada to create a revolving loan account from which loans to small businesses within a redevelopment area may be made. The purpose of this item is to comply with the requirements of AB 417.

The complete AB 417 text is attached. Following is a brief summary of the bill requirements as they pertain to Carson City (refer to the attached bill for the complete requirements):

- The redevelopment agency is required to adopt regulations prescribing:
 - The process by which a small business may submit an application for a loan;
 - The criteria for eligibility for a loan;
 - The contents of an application for a loan;
 - The maximum amount of a loan which may be made from the revolving loan account;
 - The rate of interest for loans made from the revolving loan account; and
 - The collateral and security interest a small business is required to provide as security for the loan.
- The bill requires each redevelopment agency to create the loan account but does not prescribe the amount of money that must be available in the account. The bill states that an agency shall, "within the limits of money available for use in the loan account, make loans to small businesses and persons whose applications have been approved." (Bill section 5[2])

- The redevelopment agency “may accept gifts, grants, bequests and donations from any source for deposit in the revolving loan account.” (Bill section 3[5])
- A “small business” is defined in the bill as a business employing not more than 25 persons.
- Loans may be made to small businesses located within a redevelopment area or persons wishing to relocate a small business in a redevelopment area for the costs incurred in expanding or improving an existing small business or locating or relocating a small business in a redevelopment area.
- Other provisions of the bill pertain only to counties whose population is over 700,000, i.e. Clark County.

City staff has been working with the Redevelopment Association of Nevada (RAN) to develop policies and procedures that will be used as a template by all redevelopment agencies in Nevada to comply with AB 417. Members of RAN include all Nevada redevelopment agencies excluding Douglas County. Attached are the draft Small Business Loan Program and Procedures and loan application form. Most of the requirements are included to meet the specific requirements of the bill. Some elements of the policies and procedures included in the document are discretionary and those are highlighted and discussed below for further recommendations.

It should first be noted that various redevelopment agencies throughout Nevada have concluded, in consultation with their legal staffs and State legislators, that while it is required to create the loan account it is not required to fund the account to any specific level or to actually make loans from the account. Most Nevada redevelopment agencies plan on adopting the recommended procedures and fund their revolving loan account with \$1 to meet the minimum provisions of the bill, and it is staff's recommendation to do so for the Carson City Redevelopment Authority. Like Carson City, most redevelopment agencies have not identified small business loans as activity for which they want to use available redevelopment funds. The Cities of Las Vegas and Henderson are the only two redevelopment agencies that have indicated they will likely implement the provisions of the bill to start making small business loans.

One of the primary reasons that most redevelopment agencies do not choose to offer loans is the cost of administering the loan program. Cities like Las Vegas and Henderson have the capacity and much larger budgets so that the administration of the program is a much smaller percentage of the overall budget than in smaller communities such as Carson City or Elko. Reno has also indicated they will not implement the loan program due to administrative costs.

It should also be noted that the Carson City Redevelopment Authority made a specific decision not to include small business loans as an activity when the Redevelopment Area #2 Plan was updated in December 2012. Should Carson City choose to implement the small business loan program, the Redevelopment Authority would need to amend the applicable Redevelopment Area Plan.

The recommended policies and procedures include the following requirements that staff has identified for the Redevelopment Authority Citizens Committee to specifically consider in making a recommendation to the Redevelopment Authority:

- 1) Job Creation (Procedures section I[D]). RAN proposes a requirement that there must be a minimum of one full-time equivalent job created or retained for each \$10,000 loaned. Staff recommends retaining this requirement.
- 2) Project Leverage/Equity (Section I[E]). RAN proposes that the project be required to leverage two private sector dollars for each dollar loaned. Staff recommends retaining this requirement.
- 3) Fees (Section I[G]). RAN recommends an application fee of \$150. Staff recommends retaining this fee.
- 4) Maximum and Minimum Loan Amounts (Section III[A]). Staff recommends a maximum loan amount of \$25,000 and a minimum loan amount of \$5,000. The Cities of Henderson and Las Vegas are proposing a maximum loan amount of \$90,000, but did not propose a minimum loan amount. Other RAN members suggested a minimum loan amount of \$10,000.

The RACC may also make recommendations on other elements of the policies and procedures.

If you have any questions regarding this item, contact Lee Plemel, Community Development Director, at 283-7075 or lplemel@carson.org.

Attachments:

1. Draft Small Business Loan Program and Procedures
2. Draft Revolving Loan Fund application
3. AB 417 complete text

Carson City Redevelopment Authority



Small Business Loan Program and Procedures

Approved _____

SMALL BUSINESS LOAN FUND PROGRAM AND PROCEDURES

Carson City (“City”) adopted Resolution No. 2014-____ creating a revolving loan account (“Account”) in the treasury of the City to be administered by the Carson City Redevelopment Authority (“Authority”) in accordance with NRS 279.710. The purpose of the Account is to make loans at or below market rate to small businesses located within the redevelopment area or to persons wishing to locate or relocate a new small business in the redevelopment area to expand or improve an existing small business, including, without limitation, costs incurred for remodeling.

The Authority may accept gifts, grants, bequests and donations from any source for deposit to the Account. The money deposited must be invested as money in other accounts in the treasury of the City with any interest and income earned on those funds credited to the Account. Any funds remaining in the Account at the end of a fiscal year do not revert to the general fund, and the balance must be carried forward. Any payment of principal and interest made on loans processed from this program to qualifying small businesses must be deposited to the Account.

The Carson City Redevelopment Authority Revolving Loan Fund Program (“Program”) was established to carry out the requirements of NRS 279.700 through NRS 279.740 inclusive. The Authority administers the program directly or may contract with a series of qualified contractors to provide specific services. The Program Administrator may contract for underwriting, documentation of loans, payment and collections, loan monitoring and reporting and other duties as required. Loan approval authority lies with the Authority or the Authority may be delegated to the Loan Committee (Committee) of the Authority.

I. Program Eligibility/Fees

A. Small Business Eligibility

Loans may be made to a small business defined as a business that employs not more than 25 persons.

B. Location

All businesses must be located or locating within the redevelopment area to be eligible for participation (see attached map).

C. Use of Funds

Funds may only be used for cost incurred to expand or improve an existing small business in the redevelopment area, including without limitation, costs incurred for remodeling; or in locating or relocating a small business into the redevelopment area.

Eligible projects include:

- Expansion of existing business
- Acquisition of an existing business
- Working capital
- Equipment purchases
- Relocation to a new location
- Remodeling an existing business
- New business

Ineligible projects include:

- Speculative investments (i.e. real estate purchase for resale, securities transactions)
- Revolving Lines of Credit
- Refinance of debt
- Loans for the enrichment of the existing owners of the business (i.e. payment or reduction of debt from the business to the business owners)

D. Job Creation

There must be one full time equivalent job created or retained for each \$10,000, or portion thereof, loaned. Job retention is defined as the maintenance of a job that would cease to exist if funding is not made available to the business.

E. Project Leverage/Equity

The goal of the overall loan portfolio is to have a project leverage two private sector dollars for each dollar lent under the Small Business Loan Fund Program. The outside dollars can come from many sources, including loans from other financial institutions or from private individuals, funds generated from within the business or funds supplied by the owner of the business. In order for investments to meet the leverage requirement, funds must have been expended on the project being financed within the past 12 months.

F. Collateral

It is required by NRS 279.730 3(a)(6) that the Authority take collateral and a security interest in an amount sufficient to allow the Authority to recoup the amount of the loan made to a small business if the small business defaults on the loan. In all cases an UCC-1 filing on all business assets will be taken. Deeds of Trust must be recorded for all property serving as collateral for a loan.

Collateral that will be more costly to deal with, in a collection process, than the amount of dollars to be recovered should be avoided (i.e. – over-encumbered real estate, real estate with toxic issues).

G. Fees

At the time of application, a non-refundable application fee payable to the Agency in the amount of \$150.

II. The Application Package

A. Required to be turned in to the Agency:

The borrower must complete the application for a small business loan and credit authorization. In addition, the application package must include, without limitation:

- a) A description of the business history of the applicant;
- b) A description of the income history of the applicant;
- c) A copy of the business plan of the applicant;

- d) A description of the contributions of the applicant to the revitalization of the redevelopment area; and
- e) A statement of whether any money from the loan will be used by the applicant to maintain or create any jobs.

B. Required to be turned in to the Agency's third-party financial review consultant for financial due diligence:

1. **Three years of business financial statements** (income statement and balance sheet) and three years of business tax returns, if available.
2. **Personal financial statement** for all individuals owning a 20% or greater interest in the business.
3. **Personal tax returns** for all the individuals owning a 20% or greater interest in the business or any guarantor.
4. **Financial projections** for a minimum of five years for the business. The projections should include information describing any assumptions made in the development of the financial projections. Projections should also be provided on any business, which will be relying on increased sales/profits to repay the loan requested.
5. **Management resume** must be included. This will be used to determine if the prospective business owner(s) has the background necessary to successfully operate the business in question.
6. **IRS form 4506** shall be signed by each applicant and a copy of their driver's license obtained. This form need not be sent to the IRS unless there is some concern that the tax returns provided are not the same as those sent to the IRS.

Other information may be required depending upon the applicant's request, guarantors, other business affiliations, etc.

B. Required Documentation

The documentation required for a complete loan application varies from loan to loan. The following list is not meant to be complete, as each situation will bring about new requirements. The underwriter should review the situation and request those documents that will verify legal structure, occupancy situation, tandem loans, etc.

1. **Legal Structure Documentation** is required if the applicant is either a partnership or a corporation (including both Subchapter S and C corporations and Lending Committees). The documentation required includes the Articles of Incorporation and the By-laws. An operational or organizational agreement is required for LLCs.

2. **A partnership agreement** is required on all partnerships. A general partnership agreement is not required to be recorded at any level. A limited partnership agreement must be recorded with the State of Nevada.
3. **Fictitious Business Name Statement** is required by any business not operating under the legal name of the entity operating the business. For example, if a sole-proprietorship is owned by John Smith and is being operated under John's name only, no statement is required. If the business is being operated as Smith's Plumbing, however, a recorded statement is required. If a corporation operates under a name other than that on the incorporation documents, a statement is also required. The same standard is used for partnerships and Lending Committees.
4. **A lease** is required for businesses operating in rented premises. The lease should be for a period equal to or exceeding the term of the loan. If the lease is for a shorter period of time, then a renewal clause that is exercisable by the tenant is acceptable (a provision to call the loan will be included in the loan documents if the renewal option is not executed).
5. **Cost estimates** are required for equipment purchases, leasehold improvements and any other uses to be made with the loan proceeds. All cost estimates must be supported with appropriate documentation.
6. **Permits** may be required prior to funding. These may include, but not be limited to building permits, use permits, operating licenses, business licenses, water permits and health permits depending upon the particular situation. If the actual permits have not been issued and won't be until after the loan approval, the Program Administrator must determine the likelihood of the permit being issued and the time frame in which they will be issued. In no case should a permit process be anticipated to take more than 45 days after loan approval is granted. (A provision to call the loan will be included in the loan documents should all required permits not be attained by the loan recipient.)

C. Site Visit

A site visit must be made by the Program Administrator, or designated representative, prior to the funding of any loan. During the site visit staff shall assess the business in relation to the application presented. Photographs shall be taken and included in the loan file and provided to the Board or Committee.

III. Loan Information: NRS 279.700 – 279.740 allows some flexibility in the terms of the loan:

- A. Maximum and Minimum Loan Amounts:** The Agency may make small business loans up to \$25,000, with a minimum loan amount of \$5,000. The loan amount will be determined based on the financing needs, credit worthiness, and loan repayment capability of the applicant and availability of funds within the Account.
- B. Rate of Interest:** NRS 279.720 (1) requires that the interest rate of a loan shall be at or below the market rate. Therefore, the interest rate will be established on the date of

loan approval by the Board or Committee and be not less than two points above the five-year Treasury rate as listed on Bankrate.com (www.bankrate.com/rates/interest-rates/treasury.aspx), but not greater than SBA maximum rate allowed (www.sba.gov/content/7a-terms-conditions).

C. Term: The term of any loan that may be made from the Account must be five years or less.

IV. Post Approval

The City Attorney's Office shall prepare all loan documents and other ancillary documents deemed necessary to perfect the loan and security in the required collateral (i.e. loan agreement, promissory note, security agreement, guarantys, UCC filings, etc.).

VII. Reporting Requirements

As required by NRS 279.740, for each fiscal year beginning with fiscal year 2013-2014 and ending with fiscal year 2016-2017, the Agency shall prepare a written report of the loans made from the Account and include, without limitation, information concerning the amount of each loan made from the Account, the term of each loan and a description of the small businesses which have received loans from the Account. The report is due to the Director of the Legislative Counsel Bureau on or before November 30 of each year.

**CARSON CITY REDEVELOPMENT AGENCY
SMALL BUSINESS LOAN FUND APPLICATION**

APPLICANT INFORMATION

Business Name:	Tax ID or SSN	Telephone No.	NAICS Code
Street Address:	City	State	Zip Code
Billing Address:	City	State	Zip Code
Company Contact Name/Title	Telephone/Cell Phone		

CREDIT REQUEST

Loan Amount Requested:	Purpose of Loan: (Check all that apply)		
\$	<input type="checkbox"/> Remodel	<input type="checkbox"/> Equipment	
Requested Payment Terms (may not exceed 5 years):	<input type="checkbox"/> Relocation	<input type="checkbox"/> Business Acquisition	
	<input type="checkbox"/> Working Capital	<input type="checkbox"/> Other	

Have you received any loan or financial assistance from the City of _____ Redevelopment Agency? Yes No
If yes, please provide amount and description:

BUSINESS PROFILE

Type of Business	# of Employes (FTEs) *cannot exceed 25	Date Established	Organizational Structure:
			<input type="checkbox"/> Partnership <input type="checkbox"/> C Corp
			<input type="checkbox"/> S Corp <input type="checkbox"/> LLC
			<input type="checkbox"/> LLP <input type="checkbox"/> Sole Proprietor

COLLATERAL

Item	Fair Market Value	Lien Amount	Lien Holder

PRINCIPALS OF THE BUSINESS/GUARANTORS (OWNERSHIP INTEREST OF 20% OR MORE)

Name and Address	Title	% of Ownership	Years in Industry

BUSINESS BANKING REFERENCES

Bank Name	Address	Contact Name	Phone Number	Account Number

Is the company an endorser, guarantor, or co-maker of any obligation(s) not listed on the financial statements Yes No

Are the principals? Yes No

Is the company or are the principals involved in any litigation? Yes No

Has the company or have the principals every declared bankruptcy within the last ten years? Yes No

Is the company or owner(s) making any other loan requests? Yes No

APPLICANT STATEMENT

The undersigned has answered the questions on this application and any supplemental pages or schedules completely and accurately on behalf of the company named above. The applicant(s) authorizes the Agency and/or its third party financial consultant to check the Principal's and/or Company's credit records and any statements made on behalf of the Company. The undersigned authorizes and directs the Company's creditors to give the Agency or its third-party financial consultant, information it requests, to determine the Company's credit worthiness. The undersigned also gives the Agency permission to give credit reporting agencies and other creditors information relating to any credit the Agency might grant the Company.

Authorized Signature/Title: _____ Date: _____

Authorized Signature/Title: _____ Date: _____

FOR AGENCY USE ONLY

Loan Type: New Business Existing Business
Redevelopment area: _____

Assembly Bill No. 417—Committee
on Government Affairs

CHAPTER.....

AN ACT relating to redevelopment; requiring the legislative body of each community in which a redevelopment area has been established to create a revolving loan account administered by the redevelopment agency; authorizing a redevelopment agency to use money in a revolving loan account to make loans at or below market rate to new or existing small businesses in the redevelopment area; setting forth certain requirements relating to loans made from a revolving loan fund; requiring a redevelopment agency to adopt certain regulations and prepare certain reports relating to loans of money from a revolving loan account; authorizing a redevelopment agency to adopt an ordinance providing for the recalculation of the amount of the total assessed value of property in a redevelopment area under certain circumstances; providing for the set aside and use of certain revenues from taxes imposed on property in such a redevelopment area; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

The Community Redevelopment Law (NRS 279.382-279.685) authorizes the city council, board of county commissioners or other legislative body of a city or county to declare the need for a redevelopment agency to function in the community. The Community Redevelopment Law grants a redevelopment agency certain powers and duties with regard to the elimination of blight in a redevelopment area in the community.

Sections 2-6 of this bill require the legislative body of a community to create a revolving loan account administered by the redevelopment agency. Money in the revolving loan account may be used by the agency only to make loans at or below market rate to new or existing small businesses in the redevelopment area. **Section 2** defines a “small business” as a business that employs not more than 25 persons. **Section 4** sets forth certain requirements for the making of loans from the revolving loan account and provides that the term of a loan of money from the revolving loan account must be 5 years or less. **Section 5** requires each redevelopment agency to adopt regulations prescribing: (1) the process by which a small business may submit an application for a loan from the revolving loan account; (2) the criteria for eligibility for a loan; (3) the contents of an application for a loan; (4) the maximum amount of a loan which may be made from the revolving loan account; (5) the rate of interest for loans made from the revolving loan account; and (6) the collateral and security interest a small business is required to provide as security for the loan. **Section 6** requires each redevelopment agency to make certain annual reports to the Legislature concerning loans of money from the revolving loan account.

Existing law provides that if a redevelopment agency provides property for development at less than the fair market value of the property or provides financial incentives to a developer with a value of more than \$100,000, the agency must



provide in the agreement with the developer that the project is subject to certain provisions of existing law governing public works. (NRS 279.500) **Section 13.3** of this bill extends the same requirements to any loan made by an agency to a small business pursuant to **sections 2-6**.

Section 13.5 of this bill authorizes a redevelopment agency in a city located in a county whose population is 700,000 or more (currently Clark County) to adopt, under certain circumstances, an ordinance which provides for the recalculation of the amount of the total assessed value of the taxable property in a redevelopment area for certain purposes. **Section 13.5** provides that such a redevelopment agency may adopt such an ordinance only once and that the election to adopt such an ordinance is irrevocable. If such a redevelopment agency adopts such an ordinance and receives certain revenue from taxes, **section 13.5** requires that 18 percent of such revenues received on or after the effective date of the ordinance be set aside to improve and preserve existing public educational facilities which are located within the redevelopment area or which serve pupils who reside within the redevelopment area. **Section 13.5** also provides that the obligation of a redevelopment agency to set aside 18 percent of such revenues is subordinate to any existing obligations of the agency.

EXPLANATION – Matter in *bolded italics* is new, matter between brackets [omitted material] is material to be omitted.

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

Section 1. Chapter 279 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive, of this act.

Sec. 2. *As used in sections 2 to 6, inclusive, of this act, “small business” means a business that employs not more than 25 persons.*

Sec. 3. *1. Each legislative body shall create a revolving loan account in the treasury of the community. The account must be administered by the agency.*

2. The money in a revolving loan account created pursuant to this section must be invested as money in other accounts in the treasury of the community is invested. All interest and income earned on the money in a revolving loan account must be credited to the account. Any money remaining in a revolving loan account at the end of a fiscal year does not revert to the general fund of the community, and the balance in the account must be carried forward.

3. All payments of principal and interest on loans made to a small business from a revolving loan account must be deposited with the treasurer of the community for credit to the account.

4. Claims against a revolving loan account must be paid as other claims against the agency are paid.



5. *An agency may accept gifts, grants, bequests and donations from any source for deposit in the revolving loan account.*

Sec. 4. 1. *After deducting the costs directly related to administering a revolving loan account created pursuant to section 3 of this act, an agency may use the money in the account, including repayments of principal and interest on loans made from the account, and interest and income earned on money in the account, only to make loans at or below market rate to small businesses located within the redevelopment area or persons wishing to locate or relocate a new small business in the redevelopment area for the costs incurred:*

(a) *In expanding or improving an existing small business, including, without limitation, costs incurred for remodeling; or*

(b) *In locating or relocating a small business in the redevelopment area.*

2. *The term of any loan that may be made from the revolving loan account must be 5 years or less.*

Sec. 5. 1. *A small business located in a redevelopment area or a person who wishes to locate or relocate a new small business in a redevelopment area may submit an application to the agency for a loan from the revolving loan account created pursuant to section 3 of this act. An application must include a written description of the manner in which the loan will be used.*

2. *An agency shall, within the limits of money available for use in the revolving loan account, make loans to small businesses and persons whose applications have been approved. If an agency makes a loan from the revolving loan account, the agency shall ensure that the contract for the loan includes all terms and conditions for repayment of the loan.*

3. *Each agency:*

(a) *Shall adopt regulations that prescribe:*

(1) *The process by which a small business may submit to the agency an application for a loan from the revolving loan account;*

(2) *The criteria for eligibility for a loan from the revolving loan account;*

(3) *The contents of an application for a loan from the revolving loan account, which must include, without limitation:*

(I) *A description of the business history of the applicant;*

(II) *A description of the income history of the applicant;*

(III) *A copy of the business plan of the applicant;*

(IV) *A description of the contributions of the applicant to the revitalization of the redevelopment area; and*



(V) A statement of whether any money from the loan will be used by the applicant to maintain or create any jobs;

(4) The maximum amount of a loan which may be made from the revolving loan account;

(5) The rate of interest for loans made from the revolving loan account; and

(6) The collateral and security interest that a small business is required to provide as security for the loan, which must be an amount sufficient to allow the agency to recoup the amount of the loan made to a small business if the small business defaults on the loan.

(b) May adopt such other regulations as it deems necessary to carry out the provisions of sections 2 to 6, inclusive, of this act.

Sec. 6. *For each fiscal year beginning with Fiscal Year 2013-2014 and ending with Fiscal Year 2016-2017, each agency in this State shall prepare a written report of the loans made from the revolving loan account created pursuant to section 3 of this act, which must include, without limitation, information concerning the amount of each loan made from the revolving loan account, the terms of each loan and a description of the small businesses which have received loans from the account. The agency shall, on or before November 30 of each year, submit a copy of the report to the Director of the Legislative Counsel Bureau for transmittal to the Legislature, or if the Legislature is not in session, to the Legislative Commission.*

Sec. 7. NRS 279.382 is hereby amended to read as follows:

279.382 The provisions contained in NRS 279.382 to 279.685, inclusive, *and sections 2 to 6, inclusive, of this act* may be cited as the Community Redevelopment Law.

Sec. 8. NRS 279.384 is hereby amended to read as follows:

279.384 As used in NRS 279.382 to 279.685, inclusive, *and sections 2 to 6, inclusive, of this act*, unless the context otherwise requires, the words and terms defined in NRS 279.386 to 279.414, inclusive, have the meanings ascribed to them in those sections.

Sec. 9. NRS 279.386 is hereby amended to read as follows:

279.386 "Agency" means a redevelopment agency created under NRS 279.382 to 279.685, inclusive, *and sections 2 to 6, inclusive, of this act* or a legislative body which has elected to exercise the powers granted to an agency under NRS 279.382 to 279.685, inclusive *[], and sections 2 to 6, inclusive, of this act.*

Sec. 10. NRS 279.410 is hereby amended to read as follows:

279.410 "Redevelopment area" means an area of a community whose redevelopment is necessary to effectuate the public purposes



declared in NRS 279.382 to 279.685, inclusive ~~17~~, *and sections 2 to 6, inclusive, of this act.*

Sec. 11. NRS 279.428 is hereby amended to read as follows:

279.428 An agency shall not transact any business or exercise any powers under NRS 279.382 to 279.685, inclusive, *and sections 2 to 6, inclusive, of this act* unless, by resolution, the legislative body declares that there is need for an agency to function in the community.

Sec. 12. NRS 279.444 is hereby amended to read as follows:

279.444 1. As an alternative to the appointment of five members of the agency pursuant to NRS 279.440 and as an alternative to the procedures set forth in NRS 279.443, the legislative body may, at the time of the adoption of a resolution pursuant to NRS 279.428, or at any time thereafter, declare itself to be the agency, in which case, all the rights, powers, duties, privileges and immunities vested by NRS 279.382 to 279.685, inclusive, *and sections 2 to 6, inclusive, of this act* in an agency are vested in the legislative body of the community. If the legislative body of a city declares itself to be the agency pursuant to this subsection, it may include the mayor of the city as part of the agency regardless of whether the mayor is a member of the legislative body.

2. A city may enact its own procedural ordinance and exercise the powers granted by NRS 279.382 to 279.685, inclusive ~~17~~, *and sections 2 to 6, inclusive, of this act.*

3. An agency may delegate to a community any of the powers or functions of the agency with respect to the planning or undertaking of a redevelopment project in the area in which that community is authorized to act, and that community may carry out or perform those powers or functions for the agency.

Sec. 13. NRS 279.462 is hereby amended to read as follows:

279.462 An agency may:

1. Sue and be sued.
2. Have a seal.

3. Make and execute contracts and other instruments necessary or convenient to the exercise of its powers.

4. Make, amend and repeal bylaws and regulations not inconsistent with, and to carry into effect, the powers and purposes of NRS 279.382 to 279.685, inclusive ~~17~~, *and sections 2 to 6, inclusive, of this act.*

5. Obtain, hire, purchase or rent office space, equipment, supplies, insurance and services.



6. Authorize and pay the travel expenses of agency members, officers, agents, counsel and employees on agency business.

Sec. 13.3. NRS 279.500 is hereby amended to read as follows:

279.500 1. The provisions of NRS 338.010 to 338.090, inclusive, apply to any contract for new construction, repair or reconstruction which is awarded on or after October 1, 1991, by an agency for work to be done in a project.

2. If an agency ~~{provides}~~:

(a) *Provides* property for development at less than the fair market value of the property ~~{,}~~;

(b) *Provides a loan to a small business pursuant to sections 2 to 6, inclusive, of this act;* or ~~{provides}~~

(c) *Provides* financial incentives to ~~{the}~~ a developer with a value of more than \$100,000,

→ *regardless of whether the project is publicly or privately owned,* the agency must provide in the *loan agreement with the small business or the* agreement with the developer, *as applicable*, that the development project is subject to the provisions of NRS 338.010 to 338.090, inclusive, to the same extent as if the agency had awarded the contract for the project. This subsection applies only to the project covered by the *loan agreement between the agency and the small business or the* agreement between the agency and the developer ~~{,}~~ *as applicable*. This subsection does not apply to future development of the property unless *an additional loan, or* additional financial incentives with a value of more than \$100,000, are provided to the *small business or* developer ~~{,}~~ *as applicable*.

Sec. 13.5. NRS 279.676 is hereby amended to read as follows:

279.676 1. Any redevelopment plan may contain a provision that taxes, if any, levied upon taxable property in the redevelopment area each year by or for the benefit of the State, any city, county, district or other public corporation, after the effective date of the ordinance approving the redevelopment plan, must be divided as follows:

(a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the redevelopment area as shown upon the assessment roll used in connection with the taxation of the property by the taxing agency, last equalized before the effective date of the ordinance, must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for such taxing agencies on all other property are paid. To allocate taxes levied by or for any taxing agency or agencies which did not include



the territory in a redevelopment area on the effective date of the ordinance but to which the territory has been annexed or otherwise included after the effective date, the assessment roll of the county last equalized on the effective date of the ordinance must be used in determining the assessed valuation of the taxable property in the redevelopment area on the effective date. If property which was shown on the assessment roll used to determine the amount of taxes allocated to the taxing agencies is transferred to the State and becomes exempt from taxation, the assessed valuation of the exempt property as shown on the assessment roll last equalized before the date on which the property was transferred to the State must be subtracted from the assessed valuation used to determine the amount of revenue allocated to the taxing agencies.

(b) Except as otherwise provided in paragraphs (c) and (d) and NRS 540A.265, that portion of the levied taxes each year in excess of the amount set forth in paragraph (a) must be allocated to and when collected must be paid into a special fund of the redevelopment agency to pay the costs of redevelopment and to pay the principal of and interest on loans, money advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, incurred by the redevelopment agency to finance or refinance, in whole or in part, redevelopment. Unless the total assessed valuation of the taxable property in a redevelopment area exceeds the total assessed value of the taxable property in the redevelopment area as shown by ~~{the}~~ :

(1) *The assessment roll last equalized before the effective date of the ordinance approving the redevelopment plan ~~{the}~~ ; or*

(2) *The assessment roll last equalized before the effective date of an ordinance adopted pursuant to subsection 5,*

~~→ whichever occurs later~~, less the assessed valuation of any exempt property subtracted pursuant to paragraph (a), all of the taxes levied and collected upon the taxable property in the redevelopment area must be paid into the funds of the respective taxing agencies. When the redevelopment plan is terminated pursuant to the provisions of NRS 279.438 and 279.439 and all loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the taxable property in the redevelopment area must be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(c) That portion of the taxes in excess of the amount set forth in paragraph (a) that is attributable to a tax rate levied by a taxing agency to produce revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded



indebtedness that was approved by the voters of the taxing agency on or after November 5, 1996, must be allocated to and when collected must be paid into the debt service fund of that taxing agency.

(d) That portion of the taxes in excess of the amount set forth in paragraph (a) that is attributable to a new or increased tax rate levied by a taxing agency and was approved by the voters of the taxing agency on or after November 5, 1996, must be allocated to and when collected must be paid into the appropriate fund of the taxing agency.

2. Except as otherwise provided in subsection 3, in any fiscal year, the total revenue paid to a redevelopment agency must not exceed:

(a) In a county whose population is 100,000 or more or a city whose population is 150,000 or more, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 10 percent of the total assessed valuation of the municipality.

(b) In a county whose population is 30,000 or more but less than 100,000 or a city whose population is 25,000 or more but less than 150,000, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 15 percent of the total assessed valuation of the municipality.

(c) In a county whose population is less than 30,000 or a city whose population is less than 25,000, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 20 percent of the total assessed valuation of the municipality.

→ If the revenue paid to a redevelopment agency must be limited pursuant to paragraph (a), (b) or (c) and the redevelopment agency has more than one redevelopment area, the redevelopment agency shall determine the allocation to each area. Any revenue which would be allocated to a redevelopment agency but for the provisions of this section must be paid into the funds of the respective taxing agencies.

3. The taxing agencies shall continue to pay to a redevelopment agency any amount which was being paid before July 1, 1987, and in anticipation of which the agency became obligated before July 1, 1987, to repay any bond, loan, money advanced or any other indebtedness, whether funded, refunded, assumed or otherwise incurred.

4. For the purposes of this section, the assessment roll last equalized before the effective date of the ordinance approving the



redevelopment plan is the assessment roll in existence on March 15 immediately preceding the effective date of the ordinance.

5. If in any year the assessed value of the taxable property in a redevelopment area located in a city in a county whose population is 700,000 or more as shown by the assessment roll most recently equalized has decreased by 10 percent or more from the assessed value of the taxable property in the redevelopment area as shown by the assessment roll last equalized before the effective date of the ordinance approving the redevelopment plan, the redevelopment agency may adopt an ordinance which provides that the total assessed value of the taxable property in the redevelopment area for the purposes of paragraph (b) of subsection 1 is the total assessed value of the taxable property in the redevelopment area as shown by the assessment roll last equalized before the effective date of the ordinance adopted pursuant to this subsection. A redevelopment agency may adopt an ordinance pursuant to this subsection only once, and the election to adopt such an ordinance is irrevocable.

6. An agency which adopts an ordinance pursuant to subsection 5 and which receives revenue from taxes pursuant to paragraph (b) of subsection 1 shall set aside not less than 18 percent of that revenue received on and after the effective date of the ordinance to improve and preserve existing public educational facilities which are located within the redevelopment area or which serve pupils who reside within the redevelopment area. For each fiscal year, the agency shall prepare a written report concerning the amount of money expended for the purposes set forth in this subsection and shall, on or before November 30 of each year, submit a copy of the report to the Director of the Legislative Counsel Bureau for transmittal to the Legislative Commission, if the report is received during an odd-numbered year, or to the next session of the Legislature, if the report is received during an even-numbered year.

7. The obligation of an agency pursuant to subsection 6 to set aside not less than 18 percent of the revenue from taxes allocated to and received by the agency pursuant to paragraph (b) of subsection 1 is subordinate to any existing obligations of the agency. As used in this subsection, "existing obligations" means the principal and interest, when due, on any bonds, notes or other indebtedness whether funded, refunded, assumed or otherwise incurred by an agency before the effective date of an ordinance adopted by the agency pursuant to subsection 5, to finance or refinance in whole or in part, the redevelopment of a



redevelopment area. For the purposes of this subsection, obligations incurred by an agency on or after the effective date of an ordinance adopted by the agency pursuant to subsection 5 shall be deemed existing obligations if the net proceeds are used to refinance existing obligations of the agency.

Sec. 13.7. NRS 279.685 is hereby amended to read as follows:

279.685 1. Except as otherwise provided in this section ~~H or subsections 6 and 7 of NRS 279.676~~, an agency of a city whose population is 500,000 or more that receives revenue from taxes pursuant to paragraph (b) of subsection 1 of NRS 279.676 shall set aside not less than:

(a) Fifteen percent of that revenue received on or before October 1, 1999, and 18 percent of that revenue received after October 1, 1999, but before October 1, 2011, to increase, improve and preserve the number of dwelling units in the community for low-income households; and

(b) Eighteen percent of that revenue received on or after October 1, 2011, to increase, improve and preserve the number of:

(1) Dwelling units in the community for low-income households; and

(2) Educational facilities within the redevelopment area.

2. The obligation of an agency to set aside not less than 15 percent of the revenue from taxes allocated to and received by the agency pursuant to paragraph (b) of subsection 1 of NRS 279.676 is subordinate to any existing obligations of the agency. As used in this subsection, "existing obligations" means the principal and interest, when due, on any bonds, notes or other indebtedness whether funded, refunded, assumed or otherwise incurred by the agency before July 1, 1993, to finance or refinance in whole or in part, the redevelopment of a redevelopment area. For the purposes of this subsection, obligations incurred by an agency after July 1, 1993, shall be deemed existing obligations if the net proceeds are used to refinance existing obligations of the agency.

3. The obligation of an agency to set aside an additional 3 percent of the revenue from taxes allocated to and received by the agency pursuant to paragraph (b) of subsection 1 of NRS 279.676 is subordinate to any existing obligations of the agency. As used in this subsection, "existing obligations" means the principal and interest, when due, on any bonds, notes or other indebtedness whether funded, refunded, assumed or otherwise incurred by the agency before October 1, 1999, to finance or refinance in whole or in part, the redevelopment of a redevelopment area. For the purposes of this subsection, obligations incurred by an agency after



October 1, 1999, shall be deemed existing obligations if the net proceeds are used to refinance existing obligations of the agency.

4. From the revenue set aside by an agency pursuant to paragraph (b) of subsection 1, not more than 50 percent of that amount may be used to:

(a) Increase, improve and preserve the number of dwelling units in the community for low-income households; or

(b) Increase, improve and preserve the number of educational facilities within the redevelopment area,

unless the agency establishes that such an amount is insufficient to pay the cost of a project identified in the redevelopment plan for the redevelopment area.

5. Except as otherwise provided in paragraph (b) of subsection 1 and subsection 4, the agency may expend or otherwise commit money for the purposes of subsection 1 outside the boundaries of the redevelopment area.

Sec. 14. 1. This act becomes effective upon passage and approval.

2. Section 6 of this act expires by limitation on December 31, 2017.

