

**PROPOSED REVISED REGULATION OF THE
DIRECTOR OF THE DEPARTMENT OF
BUSINESS AND INDUSTRY**

LCB File No. R103-13

October 29, 2013

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1 and 3-9, NRS 231A.150; §2, NRS 231A.150 and 232.520.

A REGULATION relating to economic development; providing for certain authority, duties and responsibilities under the Nevada New Markets Jobs Act and related regulations to be exercised or performed by the Director of the Department of Business and Industry or a designee of the Director; setting forth additional requirements for an application for certification of a qualified equity investment; requiring a qualified community development entity to notify the Department of specified information concerning the use of tax credits and specified information concerning qualified low-income community investments; interpreting certain provisions of the Nevada New Markets Jobs Act; requiring a qualified community development entity to submit specified annual reports to the Director; providing for the treatment of applications for certification of qualified equity investments which are received by the Department on or before October 1, 2013; and providing other matters properly relating thereto.

Section 1. Chapter 231A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to **§ 11**, inclusive, of this regulation.

Sec. 2. 1. *Any authority granted to the Director and any duty or responsibility assigned to the Director by any provision of this chapter or chapter 231A of NRS, including, without limitation, pursuant to subsection 2, may be exercised or performed by any employee of the Department who is designated by the Director for that purpose.*

2. Any authority granted to the Department and any duty or responsibility assigned to the Department by any provision of this chapter or chapter 231A of NRS may be exercised or performed by the Director.

Sec. 3. Notwithstanding any transfer made pursuant to subsection 6 of NRS 231A.230, the total amount of an original qualified equity investment allocation made to a qualified community development entity is subject to recapture pursuant to NRS 231A.250 and section 9 of this regulation.

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Sec. ~~3~~ 4. In addition to the requirements set forth in subsection 1 of NRS 231A.230, an application submitted pursuant to that provision must:

1. Be in writing;
2. Be made on a form provided for that purpose by the Department;
3. Include, with regard to the community development entity which is submitting the application:
 - (a) The name of the community development entity;
 - (b) Any name under which the community development entity does or expects to do business;
 - (c) The federal employer identification number of the community development entity;
 - (d) The state in which the community development entity is incorporated or otherwise organized, if applicable;
 - (e) The date upon which the community development entity was incorporated or otherwise organized, if applicable;
 - (f) The mailing address of the community development entity;

(g) The county in which the mailing address of the community development entity is located;

(h) The physical address of the community development entity;

(i) Every telephone number, facsimile number, electronic mail address and Internet address of the community development entity; and

(j) The name and title of the natural person who is the primary contact for the community development entity; and

4. Include any other information required by the Department.

Sec. 4.5. A qualified community development entity or transferee pursuant to subsection 6 of NRS 231A.230 which provides to the Department, in accordance with subsection 7 of NRS 231A.230, evidence of the receipt of a cash investment must include with the evidence provided to the Department:

1. Identifying information for any entity which will use the tax credits earned as a result of the issuance of the qualified equity investment including, without limitation, any information previously submitted in accordance with paragraph (e) of subsection 1 of NRS 231A.230;

2. Notification of any change to the names of the entities which are eligible to use the tax credits within 30 days of the change, as required pursuant to subsection 3 of NRS 231A.230; and

3. Any other information required by the Department.

Sec. 5.6. 1. Not later than 30 days after the date on which a qualified community development entity makes a qualified low-income community investment, the qualified

community development entity shall notify the Department of the qualified low-income community investment.

2. Not later than 30 days after the date on which a qualified community development entity makes a qualified low-income community investment which causes 85 percent or more of the purchase price of the related qualified equity investment to have been invested in qualified low-income community investments in this State, the qualified community development entity shall notify the Department that 85 percent or more of the purchase price of the qualified equity investment has been invested in qualified low-income community investments in this State.

3. A notification made in accordance with this section must include any other information required by the Department.

Sec. 6.7. *The Department will interpret the requirements of subsection 4 of NRS 231A.250 to apply only to the original amount of a qualified equity investment which is certified by the Department pursuant to subsection 3 of NRS 231A.230 and for which cash is received in accordance with subsection 7 of NRS 231A.230. In accordance with the requirements of subsection 4 of NRS 231A.250 as interpreted by the Department pursuant to this section:*

1. Up to 25 percent of the original amount of the qualified equity investment may be invested in any one qualified active low-income community business without regard to whether the qualified community development entity which applied for and received certification pursuant to NRS 231A.230 for the qualified equity investment has transferred to another qualified community development entity any portion of the certified qualified equity investment authority regarding that qualified equity investment; and

2. A qualified community development entity which, as referenced in subsection 1, receives a portion of the certified qualified equity investment authority regarding a qualified equity investment may invest in any one qualified active low-income community business up to 100 percent of the amount of the qualified equity investment over which the qualified community development entity received authority if the amount of the investment, when combined with all other investments in the qualified active low-income community business which are directly or indirectly drawn from the original qualified equity investment, does not exceed 25 percent of the original amount of the qualified equity investment as certified by the Department pursuant to subsection 3 of NRS 231A.230 and regarding which cash was received in accordance with subsection 7 of NRS 231A.230.

3. A qualified active low-income community business can only receive a qualified low-income community investment from a single community development entity or transferee unless the community development entity or transferee receives written permission from the Department.

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Sec. ~~7~~ 8. 1. With regard to each qualified equity investment for which a qualified community development entity receives certification from the Department pursuant to NRS 231A.230, the qualified community development entity shall submit to the Director an annual report for each of the 6 years immediately following the date on which the qualified equity investment was initially made.

2. An annual report required by subsection 1 must be submitted:

(a) Not earlier than the annual anniversary date at the end of the year to which the annual report relates and not later than 5 business days after that annual anniversary date; and

(b) In writing and in an electronic format acceptable to the Director.

3. *The first annual report required by subsection 1 for a qualified equity investment must:*

(a) *Provide evidence satisfactory to the Director that 85 percent or more of the purchase price of the qualified equity investment has been invested in qualified low-income community investments in this State;*

(b) *Identify any business owned by a person who is a member of a racial or ethnic minority group into which the qualified community development entity made a qualified low-income community investment relating to the qualified equity investment;*

(c) *Identify any organization, agency or other group relating to a racial or ethnic minority with which the qualified community development entity worked in making ~~or seeking to make~~ a qualified low-income community investment relating to the qualified equity investment;*

(d) *For each qualified low-income community investment relating to the qualified equity investment:*

(1) *Include a bank statement of the qualified community development entity which clearly shows that the qualified low-income community investment was made;*

(2) *Provide evidence satisfactory to the Director that the business into which the qualified low-income community investment was made was a qualified active low-income community business at the time the qualified low-income community investment was made;*

(3) *With regard to the business identified in subparagraph (2), indicate the name, physical address, including the county in which the business is located, federal identification number, purchase price for the qualified low-income community investment, and standard industrial classification of the business; and*

(4) Include a projection of the total number of jobs which will be created because of the qualified low-income community investment and the total number of jobs which will be retained because of the qualified low-income community investment; and

(e) Include any other information required by the Director.

4. Except as otherwise provided in subsection 6, the second through sixth annual reports required by subsection 1 for a qualified equity investment must:

(a) Identify any business owned by a person who is a member of a racial or ethnic minority group into which the qualified community development entity made a qualified low-income community investment relating to the qualified equity investment;

(b) Identify any organization, agency or other group relating to a racial or ethnic minority with which the qualified community development entity worked in making ~~or seeking to make~~ a qualified low-income community investment relating to the qualified equity investment;

(c) For each qualified low-income community investment relating to the qualified equity investment, include the current total number of jobs created because of the qualified low-income community investment and the current total number of jobs retained because of the qualified low-income community investment;

(d) With regard to the numbers of jobs reported pursuant to paragraph (c), indicate the current total number of jobs created and the current total number of jobs retained for persons who are members of a racial or ethnic minority;

(e) With regard to the jobs reported pursuant to paragraph (c), indicate the average salary;

(f) Identify the current cost basis of the qualified equity investment; and

(g) Include any other information required by the Director.

5. *In an annual report required by subsection 1 for a qualified equity investment, the qualified community development entity may include any information in addition to the information required pursuant to subsection 3 or 4 to demonstrate the effectiveness of a qualified low-income community investment relating to the qualified equity investment.*

6. *In the second through sixth annual reports required by subsection 1 for a qualified equity investment, the qualified community development entity shall not include information relating to a qualified low-income community investment which has been sold by, returned to or repaid to the qualified community development entity.*

7. *For the purposes of subparagraph (4) of paragraph (d) of subsection 3:*

(a) *A job may be projected to be created if the job is reasonably anticipated by the qualified community development entity to meet the definition of “job created” beginning at any time on or before the last credit allowance date for the applicable qualified equity investment and ~~continuing until any date after the last credit allowance date for the applicable qualified equity investment.~~ the job held by the employee or employees shall have been filled for at least twenty-six (26) consecutive weeks with an average at least thirty (30) hours per week.*

(b) *A job may be projected to be retained if the job is reasonably anticipated by the qualified community development entity:*

(1) *To meet the definition of “job retained” at any time on or before the last credit allowance date for the applicable qualified equity investment; and*

(2) *To be filled by an employee who meets the requirements of subparagraphs (1), (2) and (3) of paragraph (a) of subsection 8 beginning when the job meets the definition of “job retained” and continuing ~~until any date after the last credit allowance date for the applicable~~*

qualified equity investment, for at least twenty-six (26) consecutive weeks with an average at least thirty (30) hours per week.

8. As used in this section:

(a) “Job created” means a new, full-time and permanent position at a qualified active low-income community business located within this State which is filled by one or more natural persons, each of whom the qualified active low-income community business represents:

(1) Is a resident of this State and is expected by the qualified community development entity to be a resident of this State during the entire year for which the applicable annual report is made;

(2) Works and after being hired continues to work for the remainder of the year for which the applicable annual report is made:

(I) On the premises of the qualified active low-income community business located within this State; or

(II) Off the premises of the qualified active low-income community business only if the position is a qualified off-premises position; and

(3) Is employed by the qualified active low-income community business:

(I) Directly; or

(II) As a contractual employee only if the business offers benefits to the contractual employee which are comparable to the benefits the business offers to the persons it employs directly.

↪ The term also includes a new position related to a qualified active low-income community business which is filled by a self-employed contractor if, during the year for which the

applicable annual report is made, the self-employed contractor pays taxes to this State and works not less than 1040 hours for the qualified active low-income community business performing professional services for the business.

(b) “Job retained” means a position filled by an employee of a qualified active low-income community business located within this State if the employee meets the requirements of subparagraphs (1), (2) and (3) of paragraph (a), the employee was hired by the business to fill the position before the business received the applicable qualified low-income community investment, and either:

(1) The business:

(I) Was in existence and located in this State for not less than 2 years immediately preceding the date on which the business received the applicable qualified low-income community investment; and

(II) Lost 20 percent or more of its net worth during either the 1-year period or the 2-year period immediately preceding the date on which the business received the applicable qualified low-income community investment; or

(2) The position:

(I) Was the subject, in whole or in part, of a written and accepted offer of relocation assistance from an economic development agency from another state; and

(II) Would have been transferred to a location within the state referenced in subparagraph (I) but for the applicable qualified low-income community investment.

(c) “Qualified off-premises position” means a position:

(1) Which has been filled for 26 or more consecutive weeks;

(2) *For which, during the time the position has been filled, the hours worked in the position have averaged 30 or more hours per week; and*

(3) *For which it is anticipated by the qualified community development entity that the hours worked in the position will continue to average 30 or more hours per week for each tax year of the qualified active low-income community business which occurs, in whole or in part, on or before the last credit allowance date for the applicable qualified equity investment.*

Sec. 8 9. 1. *The Department will interpret the requirements of subsection 3(b) of NRS 231A.250 to include the total qualified low-income community investment which can be a combination of the qualified equity investment proceeds combined with other loan products or with proceeds repaid from qualified low-income community investments that were reinvested.*

2. Pursuant to NRS 231A.250 subsection 1: A community development entity must notify the Department within 30 days of a federal recapture event if the community development entity receives notification of a federal recapture or experiences a potential event of recapture.

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Sec. 10. *A person may obtain clarification of or information concerning the requirements of this chapter or chapter 231A of NRS and any procedure for submitting applications, requests or reports to the Department or the Director pursuant to this chapter or chapter 231A of NRS by sending a written request for the clarification or information to the Director at the following address:*

*Attn: Director
Department of Business and Industry
555 East Washington Avenue, Suite 4900
Las Vegas, Nevada 89101-1075*

Sec. 119. 1. The Department of Business and Industry shall begin accepting applications for certification of qualified equity investments on October 1, 2013.

2. An application for certification of a qualified equity investment which is received by the Department before October 1, 2013, shall be deemed to have been received by the Department on October 1, 2013.

3. All applications for certification of qualified equity investments which are received by the Department on October 1, 2013, or which are deemed to have been received by the Department on October 1, 2013, pursuant to subsection 2, shall be deemed to have been received on the same day for the purposes of subsection 4 of NRS 231A.230.