

SENATE BILL NO. 507—COMMITTEE ON
COMMERCE, LABOR AND ENERGY

(ON BEHALF OF THE LEGISLATIVE COMMISSION)

MARCH 25, 2013

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Repeals provisions relating to development corporations and corporations for economic revitalization and diversification. (BDR 55-575)

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

~

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

AN ACT relating to financial institutions; repealing provisions relating to development corporations and corporations for economic revitalization and diversification; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires the Legislative Counsel and the Research Director of the
2 Legislative Counsel Bureau to work collaboratively to develop recommendations
3 for the elimination of obsolete or antiquated provisions of the Nevada Revised
4 Statutes. (NRS 220.085) **Section 8** of this bill repeals obsolete provisions relating
5 to development corporations and corporations for revitalization and diversification,
6 and **sections 1-7** of this bill delete various statutory references to such corporations.
7 (Chapters 670 and 670A of NRS)

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

1 **Section 1.** NRS 658.098 is hereby amended to read as follows:
2 658.098 1. On a quarterly or other regular basis, the
3 Commissioner shall collect an assessment pursuant to this section
4 from each:
5 (a) Check-cashing service or deferred deposit loan service that is
6 supervised pursuant to chapter 604A of NRS;



1 (b) Collection agency that is supervised pursuant to chapter 649
2 of NRS;

3 (c) Bank that is supervised pursuant to chapters 657 to 668,
4 inclusive, of NRS;

5 (d) Trust company or family trust company that is supervised
6 pursuant to chapter 669 or 669A of NRS;

7 ~~(e) Development corporation that is supervised pursuant to~~
8 ~~chapter 670 of NRS;~~

9 ~~—(f) Corporation for economic revitalization and diversification~~
10 ~~that is supervised pursuant to chapter 670A of NRS;~~

11 ~~—(g) Person engaged in the business of selling or issuing checks~~
12 ~~or of receiving for transmission or transmitting money or credits that~~
13 ~~is supervised pursuant to chapter 671 of NRS;~~

14 ~~(h) (f) Savings and loan association that is supervised~~
15 ~~pursuant to chapter 673 of NRS;~~

16 ~~(i) (g) Person engaged in the business of lending that is~~
17 ~~supervised pursuant to chapter 675 of NRS;~~

18 ~~(j) (h) Thrift company that is supervised pursuant to chapter~~
19 ~~677 of NRS; and~~

20 ~~(k) (i) Credit union that is supervised pursuant to chapter 678~~
21 ~~of NRS.~~

22 2. The Commissioner shall determine the total amount of all
23 assessments to be collected from the entities identified in subsection
24 1, but that amount must not exceed the amount necessary to recover
25 the cost of legal services provided by the Attorney General to the
26 Commissioner and to the Division of Financial Institutions. The
27 total amount of all assessments collected must be reduced by any
28 amounts collected by the Commissioner from an entity for the
29 recovery of the costs of legal services provided by the Attorney
30 General in a specific case.

31 3. The Commissioner shall collect from each entity identified
32 in subsection 1 an assessment that is based on:

33 (a) A portion of the total amount of all assessments as
34 determined pursuant to subsection 2, such that the assessment
35 collected from an entity identified in subsection 1 shall bear the
36 same relation to the total amount of all assessments as the total
37 assets of that entity bear to the total of all assets of all entities
38 identified in subsection 1; or

39 (b) Any other reasonable basis adopted by the Commissioner.

40 4. The assessment required by this section is in addition to any
41 other assessment, fee or cost required by law to be paid by an entity
42 identified in subsection 1.

43 5. Money collected by the Commissioner pursuant to this
44 section must be deposited in the State Treasury pursuant to the
45 provisions of NRS 658.091.



1 **Sec. 2.** NRS 604A.250 is hereby amended to read as follows:

2 604A.250 The provisions of this chapter do not apply to:

3 1. Except as otherwise provided in NRS 604A.200, a person
4 doing business pursuant to the authority of any law of this State or
5 of the United States relating to banks, national banking associations,
6 savings banks, trust companies, savings and loan associations, credit
7 unions, ~~development corporations,~~ mortgage brokers, mortgage
8 bankers, thrift companies or insurance companies, including,
9 without limitation, any affiliate or subsidiary of such a person
10 regardless of whether the affiliate or subsidiary is a bank.

11 2. A person who is primarily engaged in the retail sale of goods
12 or services who:

13 (a) As an incident to or independently of a retail sale or service,
14 from time to time cashes checks for a fee or other consideration of
15 not more than \$2; and

16 (b) Does not hold himself or herself out as a check-cashing
17 service.

18 3. A person while performing any act authorized by a license
19 issued pursuant to chapter 671 of NRS.

20 4. A person who holds a nonrestricted gaming license issued
21 pursuant to chapter 463 of NRS while performing any act in the
22 course of that licensed operation.

23 5. A person who is exclusively engaged in a check-cashing
24 service relating to out-of-state checks.

25 6. A corporation organized pursuant to the laws of this State
26 that has been continuously and exclusively engaged in a check-
27 cashing service in this State since July 1, 1973.

28 7. A pawnbroker, unless the pawnbroker operates a check-
29 cashing service, deferred deposit loan service, high-interest loan
30 service or title loan service.

31 8. A real estate investment trust, as defined in 26 U.S.C. § 856.

32 9. An employee benefit plan, as defined in 29 U.S.C. §
33 1002(3), if the loan is made directly from money in the plan by the
34 plan's trustee.

35 10. An attorney at law rendering services in the performance of
36 his or her duties as an attorney at law if the loan is secured by real
37 property.

38 11. A real estate broker rendering services in the performance
39 of his or her duties as a real estate broker if the loan is secured by
40 real property.

41 12. Any firm or corporation:

42 (a) Whose principal purpose or activity is lending money on real
43 property which is secured by a mortgage;

44 (b) Approved by the Federal National Mortgage Association as
45 a seller or servicer; and



1 (c) Approved by the Department of Housing and Urban
2 Development and the Department of Veterans Affairs.

3 13. A person who provides money for investment in loans
4 secured by a lien on real property, on his or her own account.

5 14. A seller of real property who offers credit secured by a
6 mortgage of the property sold.

7 15. A person who makes a refund anticipation loan, unless the
8 person operates a check-cashing service, deferred deposit loan
9 service, high-interest loan service or title loan service.

10 **Sec. 3.** NRS 673.276 is hereby amended to read as follows:
11 673.276 An association may invest in:

12 1. Without limit, obligations of, or obligations guaranteed as to
13 principal and interest by, the United States or any state.

14 2. Obligations of the United States Postal Service, whether or
15 not guaranteed as to principal and interest by the United States.

16 3. Stock of a Federal Home Loan Bank of which the
17 association is eligible to be a member.

18 4. Any obligations or consolidated obligations of any Federal
19 Home Loan Bank or Banks.

20 5. Stock or obligations of the Federal Deposit Insurance
21 Corporation.

22 6. Stock or obligations of a national mortgage association or
23 any successor or successors thereto, including the Federal National
24 Mortgage Association.

25 7. Demand, time or savings deposits with any bank, credit
26 union or trust company whose deposits are insured by the Federal
27 Deposit Insurance Corporation, the National Credit Union Share
28 Insurance Fund or a private insurer approved pursuant to
29 NRS 678.755.

30 8. Stock or obligations of any corporation or agency of the
31 United States or any state, or in deposits therewith to the extent that
32 such a corporation or agency assists in furthering or facilitating the
33 association's purposes or powers.

34 9. Savings accounts of any insured association licensed by the
35 State and of any federal savings and loan association, if the accounts
36 of the savings and loan association are insured by the Federal
37 Deposit Insurance Corporation.

38 10. Bonds, notes or other evidences of indebtedness which are
39 general obligations of any city, town, county, school district or other
40 municipal corporation or political subdivision of any state.

41 11. ~~Capital stock and other securities of:~~

42 ~~—(a) A state development corporation organized under the~~
43 ~~provisions of chapter 670 of NRS.~~

44 ~~—(b) A corporation for economic revitalization and diversification~~
45 ~~organized under the provisions of chapter 670A of NRS, if the~~



1 ~~association is a member of the corporation, and to the extent of its~~
2 ~~loan limit established under NRS 670A.200.~~

3 ~~—12.~~ Any other investment at the discretion of the association's
4 directors if, after the investment is made, the association's accounts
5 remain insurable by the Federal Deposit Insurance Corporation.

6 **Sec. 4.** NRS 675.035 is hereby amended to read as follows:

7 675.035 The provisions of this chapter apply to any person
8 who:

9 1. Makes installment loans that are not subject to regulation
10 pursuant to chapter 604A of NRS;

11 2. Is an affiliate, subsidiary or holding company of a bank,
12 national banking association, savings bank, trust company, savings
13 and loan association, credit union, ~~development corporation,~~
14 mortgage broker, mortgage banker, thrift company or insurance
15 company; and

16 3. Seeks to evade its application by any device, subterfuge or
17 pretense, including, without limitation:

18 (a) Calling a loan by any other name;

19 (b) Using any agents, affiliates or subsidiaries in an attempt to
20 avoid the application of the provisions of this chapter; or

21 (c) Having any affiliation or other business arrangement with an
22 entity that is exempt from the provisions of this chapter pursuant to
23 subsection 1 of NRS 675.040, the effect of which is to evade the
24 provisions of this chapter, including, without limitation, making a
25 loan while purporting to be the agent of such an exempt entity
26 where the purported agent holds, acquires or maintains a material
27 economic interest in the revenues generated by the loan.

28 **Sec. 5.** NRS 675.040 is hereby amended to read as follows:

29 675.040 This chapter does not apply to:

30 1. Except as otherwise provided in NRS 675.035, a person
31 doing business under the authority of any law of this State or of the
32 United States relating to banks, national banking associations,
33 savings banks, trust companies, savings and loan associations, credit
34 unions, ~~development corporations,~~ mortgage brokers, mortgage
35 bankers, thrift companies, pawnbrokers or insurance companies.

36 2. A real estate investment trust, as defined in 26 U.S.C. § 856.

37 3. An employee benefit plan, as defined in 29 U.S.C. §
38 1002(3), if the loan is made directly from money in the plan by the
39 plan's trustee.

40 4. An attorney at law rendering services in the performance of
41 his or her duties as an attorney at law if the loan is secured by real
42 property.

43 5. A real estate broker rendering services in the performance of
44 his or her duties as a real estate broker if the loan is secured by real
45 property.



1 6. Except as otherwise provided in this subsection, any firm or
2 corporation:

3 (a) Whose principal purpose or activity is lending money on real
4 property which is secured by a mortgage;

5 (b) Approved by the Federal National Mortgage Association as
6 a seller or servicer; and

7 (c) Approved by the Department of Housing and Urban
8 Development and the Department of Veterans Affairs.

9 7. A person who provides money for investment in loans
10 secured by a lien on real property, on his or her own account.

11 8. A seller of real property who offers credit secured by a
12 mortgage of the property sold.

13 9. A person holding a nonrestricted state gaming license issued
14 pursuant to the provisions of chapter 463 of NRS.

15 10. A person licensed to do business pursuant to chapter 604A
16 of NRS with regard to those services regulated pursuant to chapter
17 604A of NRS.

18 **Sec. 6.** NRS 678.760 is hereby amended to read as follows:

19 678.760 Money not used in loans to members may be invested
20 in:

21 1. Securities, obligations, participations or other instruments of
22 or issued by or fully guaranteed as to principal and interest by the
23 United States of America or any agency thereof or in any trust or
24 trusts established for investing directly or collectively in these
25 instruments;

26 2. Obligations of this state or any political subdivision thereof,
27 including, without limitation, a city, county or school district;

28 3. Certificates of deposit or passbook type accounts issued by a
29 state or national bank, mutual savings bank or savings and loan
30 association;

31 4. Loans to or shares or deposits of other credit unions as
32 permitted by the bylaws;

33 5. Capital shares, obligations or preferred stock issues of any
34 agency or association organized either as a stock company, mutual
35 association or membership corporation if the membership or
36 stockholdings, as the case may be, of the agency or association are
37 confined or restricted to credit unions or organizations of credit
38 unions, and the purposes for which the agency or association is
39 organized are designed to service or otherwise assist credit union
40 operations;

41 6. Shares of a cooperative society organized under the laws of
42 this state or the United States in a total amount not exceeding 10
43 percent of the shares, deposits and surplus of the credit union;

44 7. ~~Capital stock and other securities of a corporation for~~
45 ~~economic revitalization and diversification organized under the~~



1 ~~provisions of chapter 670A of NRS, if the credit union is a member~~
2 ~~of the corporation, and to the extent of its loan limit established~~
3 ~~under NRS 670A.200;~~

4 ~~—8.1~~ Stocks and bonds of United States corporations to a
5 maximum of 5 percent of unallocated reserves, except that such an
6 investment must be limited to stocks or bonds yielding income
7 which are approved by the Commissioner;

8 ~~19.1~~ 8. Loans to any credit union association, national or state,
9 of which the credit union is a member, except that such an
10 investment must be limited to 1 percent of the shares, capital
11 deposits and unimpaired surplus of the credit union; and

12 ~~110.1~~ 9. Negotiable obligations of federal or state banks.

13 **Sec. 7.** NRS 682A.080 is hereby amended to read as follows:

14 682A.080 1. An insurer may invest any of its funds in
15 obligations other than those eligible for investment under NRS
16 682A.230, relating to real property mortgages, if they are issued,
17 assumed or guaranteed by any solvent institution and are qualified
18 under any of the following:

19 (a) Obligations which are secured by adequate collateral security
20 and bear fixed interest if, during each of any 3, including the last 2,
21 of the 5 fiscal years next preceding the date of acquisition by the
22 insurer, the net earnings of the issuing, assuming or guaranteeing
23 institution available for its fixed charges, as defined in NRS
24 682A.090, have been not less than 1 1/2 times the total of its fixed
25 charges for that year. In determining the adequacy of collateral
26 security, not more than one-third of the total value of the required
27 collateral may consist of stock other than stock meeting the
28 requirements of NRS 682A.100, relating to preferred or guaranteed
29 stock.

30 (b) Fixed interest-bearing obligations, other than those described
31 in paragraph (a), if the net earnings of the issuing, assuming or
32 guaranteeing institution available for its fixed charges for a period
33 of 5 fiscal years next preceding the date of acquisition by the insurer
34 have averaged per year not less than 1 1/2 times its average annual
35 fixed charges applicable to that period and if, during the last year of
36 that period, the net earnings have been not less than 1 1/2 times its
37 fixed charges for that year.

38 (c) Adjustment, income or other contingent interest obligations
39 if the net earnings of the issuing, assuming or guaranteeing
40 institution available for its fixed charges for a period of 5 fiscal
41 years next preceding the date of acquisition by the insurer have
42 averaged per year not less than 1 1/2 times the sum of its average
43 annual fixed charges and its average annual maximum contingent
44 interest applicable to such period and if, during each of the last 2
45 years of that period, the net earnings have not been less than 1 1/2



1 times the sum of its fixed charges and maximum contingent interest
2 for such year.

3 ~~[(d) Capital stock and other securities of:~~

4 ~~— (1) A state development corporation organized under the~~
5 ~~provisions of chapter 670 of NRS.~~

6 ~~— (2) A corporation for economic revitalization and~~
7 ~~diversification organized under the provisions of chapter 670A of~~
8 ~~NRS, if the insurer is a member of the corporation, and to the extent~~
9 ~~of its loan limit established under NRS 670A.200.]~~

10 2. No insurer may invest in any such bonds or evidences of
11 indebtedness in excess of 10 percent of any issue of such bonds or
12 evidences of indebtedness or, subject to subsection 1 of NRS
13 682A.050, relating to diversification, more than an amount equal to
14 10 percent of the insurer's admitted assets in any issue.

15 **Sec. 8.** NRS 662.099, 670.010, 670.020, 670.030, 670.040,
16 670.050, 670.067, 670.070, 670.075, 670.080, 670.085, 670.090,
17 670.100, 670.110, 670.115, 670.120, 670.130, 670.155, 670.180,
18 670.200, 670.220, 670.230, 670.240, 670.250, 670.260, 670.270,
19 670.280, 670.290, 670.300, 670.310, 670.320, 670.330, 670A.010,
20 670A.020, 670A.030, 670A.040, 670A.050, 670A.060, 670A.070,
21 670A.080, 670A.090, 670A.100, 670A.110, 670A.120, 670A.130,
22 670A.140, 670A.150, 670A.160, 670A.170, 670A.180, 670A.190,
23 670A.200, 670A.210, 670A.220, 670A.230, 670A.240, 670A.250,
24 670A.260, 670A.270, 670A.280, 670A.290, 670A.300, 670A.310
25 and 670A.320 are hereby repealed.

26 **Sec. 9.** This act becomes effective upon passage and approval.

LEADLINES OF REPEALED SECTIONS

662.099 Investment in development corporation,
corporation for economic revitalization and diversification,
corporation for community development or similar corporation.

670.010 Definitions.

670.020 "Board of directors" defined.

670.030 "Corporation" defined.

670.040 "Financial institution" defined.

670.050 "Loan limit" defined.

670.067 Regulations.

670.070 Formation.

670.075 Minimum stockholders' equity required.

670.080 Articles of incorporation: Contents.



- 670.085 Articles of incorporation: Approval of Commissioner prerequisite to filing with Secretary of State.
- 670.090 Articles of incorporation: Filing.
- 670.100 Articles of incorporation: Prerequisites to authorization to commence business.
- 670.110 Articles of incorporation: Amendment.
- 670.115 License to conduct business: Requirement; form; fee; regulations; withdrawal of application.
- 670.120 First meeting of corporation: Notice; duties of incorporators; quorum.
- 670.130 Powers of corporation.
- 670.155 Exercise of powers of corporation for economic revitalization and diversification: Requirements.
- 670.180 General powers of stockholders of corporation.
- 670.200 Officers and board of directors to manage corporation; number, powers, election and terms of directors; vacancies; responsibility for losses.
- 670.220 Receipt of money on deposit prohibited.
- 670.230 Fiscal year.
- 670.240 Licenses: Expiration; renewal; reinstatement; fees; regulations.
- 670.250 Examination by Commissioner; annual reports by corporation; regulations; costs of examination; authority of Commissioner.
- 670.260 Credit of State not to be pledged.
- 670.270 Tax exemptions, credits and privileges granted to corporation.
- 670.280 Status of corporation as state development company under federal legislation.
- 670.290 Duration of corporation.
- 670.300 Dissolution of corporation.
- 670.310 Deposit of money collected pursuant to provisions of chapter.
- 670.320 Failure to submit required report; fees; regulations.
- 670.330 Administrative fines.
- 670A.010 Definitions.
- 670A.020 "Board of directors" defined.
- 670A.030 "Corporation" defined.
- 670A.040 "Financial institution" defined.
- 670A.050 "Loan limit" defined.
- 670A.060 Regulations.
- 670A.070 Formation.
- 670A.080 Articles of incorporation: Contents.



- 670A.090 Articles of incorporation: Approval of Commissioner prerequisite to filing with Secretary of State.
- 670A.100 Articles of incorporation: Filing.
- 670A.110 Articles of incorporation: Prerequisites to authorization to commence business.
- 670A.120 Articles of incorporation: Amendment.
- 670A.130 License to conduct business: Requirement; form; fee; regulations; withdrawal of application.
- 670A.140 First meeting of corporation: Notice; duties of incorporators; quorum.
- 670A.150 Powers of corporation.
- 670A.160 Corporation to be operated in manner consistent with State Plan for Economic Development.
- 670A.170 General powers of stockholders of corporation.
- 670A.180 Officers and board of directors to manage corporation; number, powers, election and terms of directors; vacancies; responsibility for losses.
- 670A.190 Eligibility for membership in corporation; membership effective upon acceptance by board of directors.
- 670A.200 Members required to loan money to corporation; limits.
- 670A.210 Calls for money to be prorated.
- 670A.220 Withdrawal from membership.
- 670A.230 Stock of corporation: Minimum required to transact business; acquisition.
- 670A.240 Required amount of earned surplus; limits on obligations; restrictions on deposits and loans.
- 670A.250 License fees; regulations.
- 670A.260 Examination by Commissioner; annual reports by corporations; costs of examination; authority of Commissioner.
- 670A.270 Credit of state not to be pledged.
- 670A.280 Tax exemptions, credits and privileges granted to corporation.
- 670A.290 Status of corporation as state development company under federal legislation.
- 670A.300 Dissolution of corporation.
- 670A.310 Failure to submit required report; fees; regulations.
- 670A.320 Administrative fines.



