

**Department of Employment Training and Rehabilitation  
Employment Security Division (ESD)**

Proposed Regulations as required in Assembly Bill 338

Chapter 612 of Nevada Administrative Code (NAC) is hereby amended by adding thereto the provisions set forth as sections 1 to 6, inclusive, of this regulation. **(NRS 612.607(c))**

1. Except as otherwise provided in subsection 2(a), the Administrator may establish a program to disburse grants of money to non-profit organizations that are to be used exclusively to assist the start-up of small businesses unconditionally owned and controlled by one or more eligible Veterans of the United States Military or one or more individuals meeting criteria of being senior citizens.

(a) A "Veteran" has the meaning ascribed to it in 38 U.S.C. 101 ' (2)

(b) A "Senior Citizen" is a person who has reached the age of sixty-two years as defined under Nevada Revised Statute (NRS) 439.650.

2. All public funding used in support of this program is to be collected under provisions of NRS 612.606.

3. Grants of money may be distributed from the Unemployment Security Administration Fund to organizations meeting the criteria of being classified as a non-profit organization as defined under Chapter 81 and Chapter 82 of NRS.

(a) Non-profit organizations applying for grant funding under this section may be required to demonstrate principals of fiduciary responsibility, accounting practices and fiscal mechanisms consistent with safeguarding the public interest and funds.

(b) All grants awarded are subject to audit and review by the Employment Security Division (ESD).

4. Non-profit organizations may loan money from grant funding in a manner consistent with provisions of this code.

(a) A start up business is defined as one that has been in business 6 months or less.

(b) A loan to a start up business up to \$5,000 may be approved by the Non-Profit (s) charged with administering the program.

(c) A waiver of the \$5,000 limit for loans not to exceed \$10,000 may approved by the Administrator.

(d) A loan may not be granted to any business owned wholly or in part by any person with whom the reviewer would be required to disclose a relationship with under provisions of NRS 281.210 or NAC 284.0533.

(e) A loan may not be granted to any business owned wholly or in part by any person who is an employee of the non-profit organization or under a contract of service to the non-profit organization.

(f) The start-up business must be at least 51% owned and controlled by eligible Veterans or Senior Citizens as defined in Section 1(a) or 1(b).

(f) The start-up business shall be properly registered with the Nevada Department of Taxation by having completed and submitted a Nevada Business Registration in a manner consistent with NRS 360.780, and shall demonstrate compliance with Unemployment Insurance Contributions and Worker Compensation requirements as applicable.

(g) Applicants for funding shall present a business plan clearly delineating the business' intended use for funding. The form and format of the plan shall be defined by the non-profit.

(h) Any legally organized business entity may only have one outstanding loan at a time.

(i) Any legally organized business entity that has successfully repaid an outstanding loan and continues to meet the definition of a start-up business under provisions of section 4(a) may apply for additional funding for expansion.

(j) Any legally organized business entity that receives grant funding may use the funds for licensing, permitting, start-up costs and other business-related costs, but may not be used in any manner that pays expenses commonly considered personal in nature.

5. Non profit(s) that administer(s) the loan program may be entitled to administrative cost reimbursement for up to but not exceeding 10% of the total funds awarded to them for the purpose of making loans under this program.

(a) Administrative costs may be claimed in a manner consistent with generally accepted accounting principles.

(b) Administrative cost reimbursements shall be claimed on forms approved by the Administrator.

(c) The administering non-profit shall establish an appeals process for business entities denied funding under this program. The process should include a panel or committee that meets as needed to ensure timely resolution of appeals. The records of this appeal review panel are open to inspection by ESD in a manner no different than any other records related to this program.

6. Loans are to be repaid within 4 years. For any loans having a balance after the first year, the non-profit(s) charged with administration of the program shall establish payment agreements that result in full principle and interest repayment by the end of the 4th year.

(a) The first year of a loan to a start up business shall be interest free. Any loan outstanding past 1 year shall be charged an interest rate of 5% simple interest per annum.

(b) All interest earned is to be deposited in a separate loan fund account established and maintained by the non-profit for the purpose of administering the program, and shall not be comingled with other funds

(c) Failure of a loan-recipient business to retire the debt in a manner consistent with the intent of this section may result in collection activity per NRS 612.625 through NRS 612.628 inclusive and NRS 31.

(d) The administrator may waive collection and write-off the loan balance of any business securing a loan through this program if:

(1) The loan did not result in whole or in part due to fraud or misrepresentation on the part of the recipient; and,

(2) Inability to repay the loan can be demonstrated; and,

(3) Its recovery would be against equity and good conscience as determined by the Administrator.

7. The Administrator shall insure that grants are disbursed through qualified non-profit agencies. Qualified non-profit agencies will be identified using information which should be addressed in detail in the responding non-profit organization's proposal. Additionally, responding non-profit agencies shall provide three years current Financial

Statements with their proposals. The criteria to determine a qualified non-profit agency will include the following considerations:

- (a) Experience and performance in delivering financial educational training/counseling;
- (b) Experience and performance with the management of loan pools/funds;
- (c) Evidence of an established lending process; including underwriting guidelines and delinquent/collection policies and procedures;
- (d) Length of time entity has been providing financial services to the public and/or private sector;
- (e) Ability to provide services on a statewide or regional basis;
- (f) Aging of current loan portfolio