
ASSEMBLY BILL NO. 333—ASSEMBLYMEN HEALEY, KIRKPATRICK;
COHEN, LIVERMORE, PIERCE, STEWART AND SWANK

MARCH 18, 2013

JOINT SPONSOR: SENATOR JONES

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to incentives for economic development. (BDR 31-811)

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

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

AN ACT relating to state financial administration; requiring the Office of Economic Development and the Office of Energy each periodically to conduct an analysis of the costs and benefits of an approved abatement of taxes or other incentive for economic development and report the results of its analysis to the Chief of the Budget Division of the Department of Administration; requiring that the results of the analyses, as so reported, be included in the proposed state budget; revising the required contents of a report of certain abatements from taxation which must be submitted to the Legislature; revising the factors which must be considered in the evaluation of an application for a partial abatement of certain taxes; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Various provisions of existing law provide for the approval by state agencies of
2 tax abatements and other incentives for economic development. (NRS 274.310,
3 274.320, 274.330, 360.750, 361.0687, 374.357, 701A.210) **Section 1** of this bill
4 requires the Office of Economic Development and the Office of Energy each
5 periodically to conduct an analysis of the costs and benefits of the incentives in
6 effect during the immediately preceding 2 fiscal years and report to the Chief of the
7 Budget Division of the Department of Administration concerning the results of the
8 analysis. **Section 1** provides that any such report is a public record.



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9 **Section 3** of this bill requires that the results of the analyses, as reported to the
10 Chief for the immediately preceding 2 fiscal years, be included as part of the
11 proposed state budget for each biennium.

12 Existing law requires the Office of Economic Development periodically to
13 prepare and submit for the Legislature a report concerning certain abatements from
14 taxation. (NRS 231.0685) **Section 3.3** of this bill revises the period covered by and
15 information to be included in the report.

16 Existing law requires the Office of Economic Development to adopt regulations
17 relating to the minimum level of benefits that certain businesses applying for a
18 partial abatement of certain taxes must provide to employees. (NRS 360.750)
19 **Section 3.7** of this bill revises these provisions to apply solely to health care
20 benefits.

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

1 **Section 1.** Chapter 353 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 **1. The Chief shall:**

4 ***(a) Require the Office of Economic Development and the***
5 ***Office of Energy each periodically to conduct an analysis of the***
6 ***relative costs and benefits of each incentive for economic***
7 ***development previously approved by the respective office and in***
8 ***effect during the immediately preceding 2 fiscal years, including,***
9 ***without limitation, any abatement of taxes approved by the Office***
10 ***of Economic Development pursuant to NRS 274.310, 274.320,***
11 ***274.330, 360.750, 361.0687, 374.357 or 701A.210, to assist the***
12 ***Governor and the Legislature in determining whether the***
13 ***economic benefits of the incentive have accomplished the purposes***
14 ***of the statute pursuant to which the incentive was approved and***
15 ***warrant additional incentives of that kind;***

16 ***(b) Require each office to report in writing to the Chief the***
17 ***results of the analysis conducted by the office pursuant to***
18 ***paragraph (a); and***

19 ***(c) Establish a schedule for performing and reporting the***
20 ***results of the analysis required by paragraph (a) which ensures***
21 ***that the results of the analysis reported by each office are included***
22 ***in the proposed budget prepared pursuant to NRS 353.205, as***
23 ***required by that section.***

24 **2. Each report prepared for the Chief pursuant to this section**
25 **is a public record and is open to inspection pursuant to the**
26 **provisions of NRS 239.010.**

27 **Sec. 2.** NRS 353.155 is hereby amended to read as follows:
28 353.155 As used in NRS 353.150 to 353.246, inclusive, **and**
29 **section 1 of this act** “Chief” means the Chief of the Budget Division
30 of the Department of Administration.



1 **Sec. 3.** NRS 353.205 is hereby amended to read as follows:
2 353.205 1. The proposed budget for the Executive
3 Department of the State Government for each fiscal year must be set
4 up in ~~three~~ **four** parts:

5 (a) Part 1 must consist of a budgetary message by the Governor
6 which includes:

7 (1) A general summary of the long-term performance goals
8 of the Executive Department of the State Government for:

9 (I) Core governmental functions, including the education
10 of pupils in kindergarten through grade 12, higher education, human
11 services and public safety and health; and

12 (II) Other governmental services;

13 (2) An explanation of the means by which the proposed
14 budget will provide adequate funding for those governmental
15 functions and services such that ratable progress will be made
16 toward achieving those long-term performance goals;

17 (3) An outline of any other important features of the financial
18 plan of the Executive Department of the State Government for the
19 next 2 fiscal years; and

20 (4) A general summary of the proposed budget setting forth
21 the aggregate figures of the proposed budget in such a manner as to
22 show the balanced relations between the total proposed expenditures
23 and the total anticipated revenues, together with the other means of
24 financing the proposed budget for the next 2 fiscal years, contrasted
25 with the corresponding figures for the last completed fiscal year and
26 fiscal year in progress. The general summary of the proposed budget
27 must be supported by explanatory schedules or statements,
28 classifying the expenditures contained therein by organizational
29 units, objects and funds, and the income by organizational units,
30 sources and funds. The organizational units may be subclassified by
31 functions and by agencies, bureaus or commissions, or in any other
32 manner determined by the Chief.

33 (b) Part 2 must embrace the detailed budgetary estimates both of
34 expenditures and revenues as provided in NRS 353.150 to 353.246,
35 inclusive ~~H~~ , **and section 1 of this act**. The information must be
36 presented in a manner which sets forth separately the cost of
37 continuing each program at the same level of service as the current
38 year and the cost, by budgetary issue, of any recommendations to
39 enhance or reduce that level of service. Revenues must be
40 summarized by type, and expenditures must be summarized by
41 program or budgetary account and by category of expense. Part 2
42 must include:

43 (1) The identification of each long-term performance goal of
44 the Executive Department of the State Government for:



1 (I) Core governmental functions, including the education
2 of pupils in kindergarten through grade 12, higher education, human
3 services, and public safety and health; and

4 (II) Other governmental services,
5 and of each intermediate objective for the next 2 fiscal years
6 toward achieving those goals.

7 (2) An explanation of the means by which the proposed
8 budget will provide adequate funding for those governmental
9 functions and services such that those intermediate objectives will
10 be met and progress will be made toward achieving those long-term
11 performance goals.

12 (3) A mission statement and measurement indicators for each
13 department, institution and other agency of the Executive
14 Department of the State Government, which articulate the
15 intermediate objectives and long-term performance goals each such
16 department, institution and other agency is tasked with achieving
17 and the particular measurement indicators tracked for each such
18 department, institution and other agency to determine whether the
19 department, institution or other agency is successful in achieving its
20 intermediate objectives and long-term performance goals, provided
21 in sufficient detail to assist the Legislature in performing an analysis
22 of the relative costs and benefits of program budgets and in
23 determining priorities for expenditures. If available, information
24 regarding such measurement indicators must be provided for each of
25 the previous 4 fiscal years. If a new measurement indicator is being
26 added, a rationale for that addition must be provided. If a
27 measurement indicator is being modified, information must be
28 provided regarding both the modified indicator and the indicator as
29 it existed before modification. If a measurement indicator is being
30 deleted, a rationale for that deletion and information regarding the
31 deleted indicator must be provided.

32 (4) Statements of the bonded indebtedness of the State
33 Government, showing the requirements for redemption of debt, the
34 debt authorized and unissued, and the condition of the sinking
35 funds.

36 (5) Any statements relative to the financial plan which the
37 Governor may deem desirable, or which may be required by the
38 Legislature.

39 (c) Part 3 *must set forth, for the Office of Economic*
40 *Development and the Office of Energy, the results of the analyses*
41 *conducted by those offices and reported to the Chief pursuant to*
42 *section 1 of this act for the immediately preceding 2 fiscal years.*

43 (d) Part 4 must include a recommendation to the Legislature for
44 the drafting of a general appropriation bill authorizing, by
45 departments, institutions and agencies, and by funds, all



1 expenditures of the Executive Department of the State Government
2 for the next 2 fiscal years, and may include recommendations to the
3 Legislature for the drafting of such other bills as may be required to
4 provide the income necessary to finance the proposed budget and to
5 give legal sanction to the financial plan if adopted by the
6 Legislature.

7 2. Except as otherwise provided in NRS 353.211, as soon as
8 each part of the proposed budget is prepared, a copy of the part must
9 be transmitted to the Fiscal Analysis Division of the Legislative
10 Counsel Bureau for confidential examination and retention.

11 3. Except for the information provided to the Fiscal Analysis
12 Division of the Legislative Counsel Bureau pursuant to NRS
13 353.211, parts 1 and 2 of the proposed budget are confidential until
14 the Governor transmits the proposed budget to the Legislature
15 pursuant to NRS 353.230, regardless of whether those parts are in
16 the possession of the Executive or Legislative Department of the
17 State Government. Part ~~3~~ 4 of the proposed budget is confidential
18 until the bills which result from the proposed budget are introduced
19 in the Legislature. As soon as practicable after the Governor
20 transmits the proposed budget to the Legislature pursuant to NRS
21 353.230, the information required to be included in the proposed
22 budget pursuant to subparagraphs (1), (2) and (3) of paragraph (b) of
23 subsection 1 must be posted on the Internet websites maintained by
24 the Governor, the Department of Administration and the Budget
25 Division of the Department of Administration.

26 **Sec. 3.3.** NRS 231.0685 is hereby amended to read as follows:

27 231.0685 The Office shall, on or before January 15 of each
28 odd-numbered year, prepare and submit to the Director of the
29 Legislative Counsel Bureau for transmission to the Legislature a
30 report concerning the abatements from taxation that the Office
31 approved pursuant to NRS 274.310, 274.320, 274.330 or 360.750.
32 The report must set forth, for each abatement from taxation that the
33 Office approved ~~in the 2-year period~~ *during the fiscal years which*
34 *are 3 fiscal years and 6 fiscal years* immediately preceding the
35 submission of the report:

36 1. The dollar amount of the abatement;

37 2. The location of the business for which the abatement was
38 approved;

39 3. *The value of infrastructure included as an incentive for the*
40 *business;*

41 4. If applicable, the number of employees that the business for
42 which the abatement was approved employs or will employ;

43 ~~4~~ 5. Whether the business for which the abatement was
44 approved is a new business or an existing business; ~~and~~



1 ~~5.1~~ 6. *The economic sector in which the business operates,*
2 *the number of primary jobs related to the business, the average*
3 *wage paid to employees of the business and the assessed values of*
4 *personal property and real property of the business; and*

5 7. Any other information that the Office determines to be
6 useful.

7 **Sec. 3.7.** NRS 360.750 is hereby amended to read as follows:

8 360.750 1. A person who intends to locate or expand a
9 business in this State may apply to the Office of Economic
10 Development for a partial abatement of one or more of the taxes
11 imposed on the new or expanded business pursuant to chapter 361,
12 363B or 374 of NRS.

13 2. The Office of Economic Development shall approve an
14 application for a partial abatement if the Office makes the following
15 determinations:

16 (a) The business is consistent with:

17 (1) The State Plan for Economic Development developed by
18 the Executive Director of the Office of Economic Development
19 pursuant to subsection 2 of NRS 231.053; and

20 (2) Any guidelines adopted by the Executive Director of the
21 Office to implement the State Plan for Economic Development.

22 (b) The applicant has executed an agreement with the Office
23 which must:

24 (1) Comply with the requirements of NRS 360.755;

25 (2) State that the business will, after the date on which a
26 certificate of eligibility for the abatement is issued pursuant to
27 subsection 4, continue in operation in this State for a period
28 specified by the Office, which must be at least 5 years, and will
29 continue to meet the eligibility requirements set forth in this
30 subsection; and

31 (3) Bind the successors in interest of the business for the
32 specified period.

33 (c) The business is registered pursuant to the laws of this State
34 or the applicant commits to obtain a valid business license and all
35 other permits required by the county, city or town in which the
36 business operates.

37 (d) Except as otherwise provided in NRS 361.0687, if the
38 business is a new business in a county whose population is 100,000
39 or more or a city whose population is 60,000 or more, the business
40 meets at least two of the following requirements:

41 (1) The business will have 75 or more full-time employees
42 on the payroll of the business by the fourth quarter that it is in
43 operation.

44 (2) Establishing the business will require the business to
45 make a capital investment of at least \$1,000,000 in this State.



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1 (3) The average hourly wage that will be paid by the new
2 business to its employees in this State is at least 100 percent of the
3 average statewide hourly wage as established by the Employment
4 Security Division of the Department of Employment, Training and
5 Rehabilitation on July 1 of each fiscal year and:

6 (I) The business will provide a health insurance plan for
7 all employees that includes an option for health insurance coverage
8 for dependents of the employees; and

9 (II) The cost to the business for the *health care* benefits
10 the business provides to its employees in this State will meet the
11 minimum requirements for *health care* benefits established by the
12 Office by regulation pursuant to subsection 8.

13 (e) Except as otherwise provided in NRS 361.0687, if the
14 business is a new business in a county whose population is less than
15 100,000 or a city whose population is less than 60,000, the business
16 meets at least two of the following requirements:

17 (1) The business will have 15 or more full-time employees
18 on the payroll of the business by the fourth quarter that it is in
19 operation.

20 (2) Establishing the business will require the business to
21 make a capital investment of at least \$250,000 in this State.

22 (3) The average hourly wage that will be paid by the new
23 business to its employees in this State is at least 100 percent of the
24 average statewide hourly wage or the average countywide hourly
25 wage, whichever is less, as established by the Employment Security
26 Division of the Department of Employment, Training and
27 Rehabilitation on July 1 of each fiscal year and:

28 (I) The business will provide a health insurance plan for
29 all employees that includes an option for health insurance coverage
30 for dependents of the employees; and

31 (II) The cost to the business for the *health care* benefits
32 the business provides to its employees in this State will meet the
33 minimum requirements for *health care* benefits established by the
34 Office by regulation pursuant to subsection 8.

35 (f) If the business is an existing business, the business meets at
36 least two of the following requirements:

37 (1) The business will increase the number of employees on
38 its payroll by 10 percent more than it employed in the immediately
39 preceding fiscal year or by six employees, whichever is greater.

40 (2) The business will expand by making a capital investment
41 in this State in an amount equal to at least 20 percent of the value of
42 the tangible property possessed by the business in the immediately
43 preceding fiscal year. The determination of the value of the tangible
44 property possessed by the business in the immediately preceding
45 fiscal year must be made by the:



1 (I) County assessor of the county in which the business
2 will expand, if the business is locally assessed; or

3 (II) Department, if the business is centrally assessed.

4 (3) The average hourly wage that will be paid by the existing
5 business to its new employees in this State is at least the amount of
6 the average hourly wage required to be paid by businesses pursuant
7 to subparagraph (2) of either paragraph (a) or (b) of subsection 2 of
8 NRS 361.0687, whichever is applicable, and:

9 (I) The business will provide a health insurance plan for
10 all new employees that includes an option for health insurance
11 coverage for dependents of the employees; and

12 (II) The cost to the business for the *health care* benefits
13 the business provides to its new employees in this State will
14 meet the minimum requirements for *health care* benefits established
15 by the Office by regulation pursuant to subsection 8.

16 (g) In lieu of meeting the requirements of paragraph (d), (e) or
17 (f), if the business furthers the development and refinement of
18 intellectual property, a patent or a copyright into a commercial
19 product, the business meets at least two of the following
20 requirements:

21 (1) The business will have 10 or more full-time employees
22 on the payroll of the business by the fourth quarter that it is in
23 operation.

24 (2) Establishing the business will require the business to
25 make a capital investment of at least \$500,000 in this State.

26 (3) The average hourly wage that will be paid by the new
27 business to its employees in this State is at least the amount of the
28 average hourly wage required to be paid by businesses pursuant to
29 subparagraph (2) of either paragraph (a) or (b) of subsection 2 of
30 NRS 361.0687, whichever is applicable, and:

31 (I) The business will provide a health insurance plan for
32 all employees that includes an option for health insurance coverage
33 for dependents of the employees; and

34 (II) The cost to the business for the *health care* benefits
35 the business provides to its employees in this State will meet with
36 minimum requirements *for health care benefits* established by the
37 Office by regulation pursuant to subsection 8.

38 3. Notwithstanding the provisions of subsection 2, the Office
39 of Economic Development:

40 (a) Shall not consider an application for a partial abatement
41 unless the Office has requested a letter of acknowledgment of the
42 request for the abatement from any affected county, school district,
43 city or town.

44 (b) *Shall consider the level of health care benefits provided by*
45 *the business to its employees, the projected economic impact of the*



1 *business and the projected tax revenue of the business after*
2 *deducting projected revenue from the abated taxes.*

3 (c) May, if the Office determines that such action is necessary:

4 (1) Approve an application for a partial abatement by a
5 business that does not meet the requirements set forth in paragraph
6 (d), (e), (f) or (g) of subsection 2;

7 (2) Make the requirements set forth in paragraph (d), (e), (f)
8 or (g) of subsection 2 more stringent; or

9 (3) Add additional requirements that a business must meet to
10 qualify for a partial abatement.

11 4. If the Office of Economic Development approves an
12 application for a partial abatement, the Office shall immediately
13 forward a certificate of eligibility for the abatement to:

14 (a) The Department;

15 (b) The Nevada Tax Commission; and

16 (c) If the partial abatement is from the property tax imposed
17 pursuant to chapter 361 of NRS, the county treasurer.

18 5. An applicant for a partial abatement pursuant to this section
19 or an existing business whose partial abatement is in effect shall,
20 upon the request of the Executive Director of the Office of
21 Economic Development, furnish the Executive Director with copies
22 of all records necessary to verify that the applicant meets the
23 requirements of subsection 2.

24 6. If a business whose partial abatement has been approved
25 pursuant to this section and is in effect ceases:

26 (a) To meet the requirements set forth in subsection 2; or

27 (b) Operation before the time specified in the agreement
28 described in paragraph (b) of subsection 2,

29 ➔ the business shall repay to the Department or, if the partial
30 abatement was from the property tax imposed pursuant to chapter
31 361 of NRS, to the county treasurer, the amount of the exemption
32 that was allowed pursuant to this section before the failure of the
33 business to comply unless the Nevada Tax Commission determines
34 that the business has substantially complied with the requirements of
35 this section. Except as otherwise provided in NRS 360.232 and
36 360.320, the business shall, in addition to the amount of the
37 exemption required to be paid pursuant to this subsection, pay
38 interest on the amount due at the rate most recently established
39 pursuant to NRS 99.040 for each month, or portion thereof, from the
40 last day of the month following the period for which the payment
41 would have been made had the partial abatement not been approved
42 until the date of payment of the tax.

43 7. A county treasurer:

44 (a) Shall deposit any money that he or she receives pursuant to
45 subsection 6 in one or more of the funds established by a local



1 government of the county pursuant to NRS 354.6113 or 354.6115;
2 and

3 (b) May use the money deposited pursuant to paragraph (a) only
4 for the purposes authorized by NRS 354.6113 and 354.6115.

5 8. The Office of Economic Development:

6 (a) Shall adopt regulations relating to the minimum level of
7 *health care* benefits that a business must provide to its employees ;
8 ~~if the business is going to use benefits paid to employees as a basis~~
9 ~~to qualify for a partial abatement;~~ and

10 (b) May adopt such other regulations as the Office of Economic
11 Development determines to be necessary to carry out the provisions
12 of this section and NRS 360.755.

13 9. The Nevada Tax Commission:

14 (a) Shall adopt regulations regarding:

15 (1) The capital investment that a new business must make to
16 meet the requirement set forth in paragraph (d), (e) or (g) of
17 subsection 2; and

18 (2) Any security that a business is required to post to qualify
19 for a partial abatement pursuant to this section.

20 (b) May adopt such other regulations as the Nevada Tax
21 Commission determines to be necessary to carry out the provisions
22 of this section and NRS 360.755.

23 10. An applicant for an abatement who is aggrieved by a final
24 decision of the Office of Economic Development may petition for
25 judicial review in the manner provided in chapter 233B of NRS.

26 **Sec. 4.** This act becomes effective on July 1, 2013.

