

ASSEMBLY BILL NO. 38—COMMITTEE ON TAXATION

(ON BEHALF OF THE OFFICE OF ECONOMIC DEVELOPMENT)

PREFILED DECEMBER 20, 2012

Referred to Committee on Taxation

SUMMARY—Makes various changes concerning the abatement or deferment of certain taxes imposed on a new or expanded business. (BDR 32-296)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

~

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

AN ACT relating to economic development; revising the provisions governing the partial abatement of certain taxes imposed on a new or expanded business; revising the provisions governing a deferment of the payment of the sales and use taxes due on certain property purchased by a new or expanded business; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law authorizes the Office of Economic Development to grant a partial
2 abatement of property taxes, business taxes and sales and use taxes to a business
3 that locates or expands in this State and meets certain qualifications for the
4 abatement. (NRS 274.310, 274.320, 360.750, 361.0687, 363B.120, 374.357,
5 701A.210) **Section 2** of this bill repeals those qualifications that apply solely to a
6 business that furthers the development and refinement of intellectual property, a
7 patent or a copyright into a commercial product. **Sections 3, 4, 8 and 9** of this bill
8 make various changes to those qualifications, including changes in the number of
9 employees required and a requirement that any employees or capital investments
10 used to qualify for the abatement must be retained at the location of the business for
11 the first 5 years. **Sections 6.5, 7.3, 8, 9 and 9.5** of this bill establish the maximum
12 duration and amount of the property tax and sales and use tax abatements available
13 to a business that is or will be located in a historically underutilized business zone,
14 a redevelopment area, an area eligible for a community development block grant or
15 an enterprise community. **Section 5** of this bill, which expires by limitation on
16 June 30, 2017, temporarily extends the maximum duration and amount of the
17 property tax abatement available to a business that is or will be located in an
18 activated foreign trade zone in this State.



* A B 3 8 R 2 *

19 Existing law authorizes the Office of Economic Development to grant to a new
20 or expanded business in this State a deferment of the payment of sales and use taxes
21 due on purchases of capital goods for a sales price of \$100,000 or more. (NRS
22 372.397, 374.402) **Sections 6 and 7** of this bill make various changes to the
23 qualifications for such a deferment, including an increase in the required sales price
24 to \$1 million and a requirement to retain the property at the location of the business
25 in this State for the 5-year duration of the deferment, and require the taxpayer to
26 begin making partial payments of the deferred taxes within 1 year after the
27 deferment is granted.

28 Existing law authorizes the Director of the Office of Energy, in consultation
29 with the Office of Economic Development, to grant a partial abatement of property
30 taxes and local sales and use taxes to certain renewable energy facilities that locate
31 in this State and meet certain qualifications for the abatement. (NRS 701A.300-
32 701A.390) **Section 10** of this bill revises those qualifications to require that the
33 capital investments used to qualify for the abatement must be retained at the
34 location of the facility for the first 5 years.

35 **Section 13** of this bill causes the tax abatements authorized pursuant to the
36 amendatory provisions of this bill to cease to be effective on July 1, 2032.

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

1 **Section 1.** NRS 360.225 is hereby amended to read as follows:
2 360.225 1. During the course of an investigation undertaken
3 pursuant to NRS 360.130 of a person claiming:

4 (a) A partial abatement of property taxes pursuant to
5 NRS 361.0687;

6 (b) An exemption from taxes pursuant to NRS 363B.120;

7 (c) A deferral of the payment of taxes on the sale of ~~capital~~
8 ~~goods~~ **eligible property** pursuant to NRS 372.397 or 374.402; or

9 (d) An abatement of taxes on the gross receipts from the sale,
10 storage, use or other consumption of eligible machinery or
11 equipment pursuant to NRS 374.357,

12 ↪ the Department shall investigate whether the person meets the
13 eligibility requirements for the abatement, partial abatement,
14 exemption or deferral that the person is claiming.

15 2. If the Department finds that the person does not meet the
16 eligibility requirements for the abatement, exemption or deferral
17 which the person is claiming, the Department shall report its
18 findings to the Office of Economic Development and take any other
19 necessary actions.

20 **Sec. 2.** NRS 360.750 is hereby amended to read as follows:

21 360.750 1. A person who intends to locate or expand a
22 business in this State may apply to the Office of Economic
23 Development for a partial abatement of one or more of the taxes
24 imposed on the new or expanded business pursuant to chapter 361,
25 363B or 374 of NRS.



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

4 (a) The business is consistent with:

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

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

10 (b) The applicant has executed an agreement with the Office
11 which must:

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

13 (2) State that the business will, after the date on which ~~the~~
14 ~~certificate of eligibility for~~ the abatement ~~is issued pursuant to~~
15 ~~subsection 4,~~ *becomes effective*, continue in operation in this State
16 for a period specified by the Office, which must be at least 5 years,
17 and will continue to meet the eligibility requirements set forth in this
18 subsection; and

19 (3) Bind the successors in interest of the business for the
20 specified period.

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

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

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

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

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

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

42 (II) The cost to the business for the benefits the business
43 provides to its employees in this State will meet the minimum
44 requirements for benefits established by the Office by regulation
45 pursuant to subsection 8.



1 (e) Except as otherwise provided in NRS 361.0687, if the
2 business is a new business in a county whose population is less than
3 100,000 or a city whose population is less than 60,000, the business
4 meets at least two of the following requirements:

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

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

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

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

19 (II) The cost to the business for the benefits the business
20 provides to its employees in this State will meet the minimum
21 requirements for benefits established by the Office by regulation
22 pursuant to subsection 8.

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

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

28 (2) The business will expand by making a capital investment
29 in this State in an amount equal to at least 20 percent of the value of
30 the tangible property possessed by the business in the immediately
31 preceding fiscal year. The determination of the value of the tangible
32 property possessed by the business in the immediately preceding
33 fiscal year must be made by the:

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

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

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

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



1 (II) The cost to the business for the benefits the business
2 provides to its new employees in this State will meet the minimum
3 requirements for benefits established by the Office by regulation
4 pursuant to subsection 8.

5 ~~[(g) In lieu of meeting the requirements of paragraph (d), (e) or~~
6 ~~(f), if the business furthers the development and refinement of~~
7 ~~intellectual property, a patent or a copyright into a commercial~~
8 ~~product, the business meets at least two of the following~~
9 ~~requirements:~~

10 ~~—— (1) The business will have 10 or more full-time employees~~
11 ~~on the payroll of the business by the fourth quarter that it is in~~
12 ~~operation;~~

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

15 ~~—— (3) The average hourly wage that will be paid by the new~~
16 ~~business to its employees in this State is at least the amount of the~~
17 ~~average hourly wage required to be paid by businesses pursuant to~~
18 ~~subparagraph (2) of either paragraph (a) or (b) of subsection 2 of~~
19 ~~NRS 361.0687, whichever is applicable, and:~~

20 ~~—— (I) The business will provide a health insurance plan for~~
21 ~~all employees that includes an option for health insurance coverage~~
22 ~~for dependents of the employees; and~~

23 ~~—— (II) The cost to the business for the benefits the business~~
24 ~~provides to its employees in this State will meet with minimum~~
25 ~~requirements established by the Office by regulation pursuant to~~
26 ~~subsection 8.]~~

27 3. Notwithstanding the provisions of subsection 2, the Office
28 of Economic Development:

29 (a) Shall not consider an application for a partial abatement
30 unless the Office has requested a letter of acknowledgment of the
31 request for the abatement from any affected county, school district,
32 city or town.

33 (b) May, if the Office determines that such action is necessary:

34 (1) Approve an application for a partial abatement by a
35 business that does not meet the requirements set forth in paragraph
36 (d), ~~[(e), (f) or (g)] (e) or (f)~~ of subsection 2;

37 (2) Make the requirements set forth in paragraph (d), ~~[(e), (f)~~
38 ~~or (g)] (e) or (f)~~ of subsection 2 more stringent; or

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

41 4. If the Office of Economic Development approves an
42 application for a partial abatement, the Office shall immediately
43 forward a certificate of eligibility for the abatement to:

44 (a) The Department;

45 (b) The Nevada Tax Commission; and



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

3 5. An applicant for a partial abatement pursuant to this section
4 or an existing business whose partial abatement is in effect shall,
5 upon the request of the Executive Director of the Office of
6 Economic Development, furnish the Executive Director with copies
7 of all records necessary to verify that the applicant meets the
8 requirements of subsection 2.

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

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

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

14 ➔ the business shall repay to the Department or, if the partial
15 abatement was from the property tax imposed pursuant to chapter
16 361 of NRS, to the county treasurer, the amount of the exemption
17 that was allowed pursuant to this section before the failure of the
18 business to comply unless the Nevada Tax Commission determines
19 that the business has substantially complied with the requirements of
20 this section. Except as otherwise provided in NRS 360.232 and
21 360.320, the business shall, in addition to the amount of the
22 exemption required to be paid pursuant to this subsection, pay
23 interest on the amount due at the rate most recently established
24 pursuant to NRS 99.040 for each month, or portion thereof, from the
25 last day of the month following the period for which the payment
26 would have been made had the partial abatement not been approved
27 until the date of payment of the tax.

28 7. A county treasurer:

29 (a) Shall deposit any money that he or she receives pursuant to
30 subsection 6 in one or more of the funds established by a local
31 government of the county pursuant to NRS 354.6113 or 354.6115;
32 and

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

35 8. The Office of Economic Development:

36 (a) Shall adopt regulations relating to the minimum level of
37 benefits that a business must provide to its employees if the business
38 is going to use benefits paid to employees as a basis to qualify for a
39 partial abatement; and

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

43 9. The Nevada Tax Commission:

44 (a) Shall adopt regulations regarding:



* A B 3 8 R 2 *

1 (1) The capital investment that a new business must make to
2 meet the requirement set forth in paragraph ~~[(d), (e) or (g)]~~ *(d) or (e)*
3 of subsection 2; and

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

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

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

12 **Sec. 3.** NRS 360.750 is hereby amended to read as follows:

13 360.750 1. A person who intends to locate or expand a
14 business in this State may apply to the Office of Economic
15 Development for a partial abatement of one or more of the taxes
16 imposed on the new or expanded business pursuant to chapter 361,
17 363B or 374 of NRS.

18 2. The Office of Economic Development shall approve an
19 application for a partial abatement if the Office makes the following
20 determinations:

21 (a) The business is consistent with:

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

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

27 (b) The applicant has executed an agreement with the Office
28 which must:

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

30 (2) State that the business will, after the date on which ~~the~~
31 ~~certificate of eligibility for the abatement is issued pursuant to~~
32 ~~subsection 4;~~ *the abatement becomes effective*, continue in
33 operation in this State for a period specified by the Office, which
34 must be at least 5 years, and will continue to meet the eligibility
35 requirements set forth in this subsection; and

36 (3) Bind the successors in interest of the business for the
37 specified period.

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

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



1 (1) The business will have ~~75~~ 50 or more full-time
2 employees on the payroll of the business by the fourth *calendar*
3 quarter ~~that it is in operation.~~ *following the calendar quarter in*
4 *which the abatement becomes effective who will be employed at*
5 *the location of the business in that county or city until at least the*
6 *date which is 5 years after the date on which the abatement*
7 *becomes effective.*

8 (2) Establishing the business will require the business to
9 make , *not later than the date which is 2 years after the date on*
10 *which the abatement becomes effective,* a capital investment of at
11 least \$1,000,000 in this State ~~+~~ *in capital assets that will be*
12 *retained at the location of the business in that county or city until*
13 *at least the date which is 5 years after the date on which the*
14 *abatement becomes effective.*

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

20 (I) The business will , *by the fourth calendar quarter*
21 *following the calendar quarter in which the abatement becomes*
22 *effective,* provide a health insurance plan for all employees that
23 includes an option for health insurance coverage for dependents of
24 the employees; and

25 (II) The cost to the business for the benefits the business
26 provides to its employees in this State will meet the minimum
27 requirements for benefits established by the Office by regulation
28 pursuant to subsection 8.

29 (e) Except as otherwise provided in NRS 361.0687, if the
30 business is a new business in a county whose population is less than
31 100,000 or a city whose population is less than 60,000, the business
32 meets at least two of the following requirements:

33 (1) The business will have ~~15~~ 10 or more full-time
34 employees on the payroll of the business by the fourth *calendar*
35 quarter ~~that it is in operation.~~ *following the calendar quarter in*
36 *which the abatement becomes effective who will be employed at*
37 *the location of the business in that county or city until at least the*
38 *date which is 5 years after the date on which the abatement*
39 *becomes effective.*

40 (2) Establishing the business will require the business to
41 make , *not later than the date which is 2 years after the date on*
42 *which the abatement becomes effective,* a capital investment of at
43 least \$250,000 in this State ~~+~~ *in capital assets that will be retained*
44 *at the location of the business in that county or city until at least*



1 *the date which is 5 years after the date on which the abatement*
2 *becomes effective.*

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

9 (I) The business will , *by the fourth calendar quarter*
10 *following the calendar quarter in which the abatement becomes*
11 *effective*, provide a health insurance plan for all employees that
12 includes an option for health insurance coverage for dependents of
13 the employees; and

14 (II) The cost to the business for the benefits the business
15 provides to its employees in this State will meet the minimum
16 requirements for benefits established by the Office by regulation
17 pursuant to subsection 8.

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

20 (1) ~~The~~ *For a business in:*

21 (I) *A county whose population is 100,000 or more or a*
22 *city whose population is 60,000 or more, the business will, by the*
23 *fourth calendar quarter following the calendar quarter in which*
24 *the abatement becomes effective, increase the number of*
25 *employees on its payroll in that county or city by 10 percent more*
26 *than it employed in the fiscal year immediately preceding the fiscal*
27 *year in which the abatement becomes effective or by twenty-five*
28 *employees, whichever is greater, who will be employed at the*
29 *location of the business in that county or city until at least the date*
30 *which is 5 years after the date on which the abatement becomes*
31 *effective; or*

32 (II) *A county whose population is less than 100,000 or a*
33 *city whose population is less than 60,000, the business will , by the*
34 *fourth calendar quarter following the calendar quarter in which*
35 *the abatement becomes effective, increase the number of employees*
36 *on its payroll in that county or city by 10 percent more than it*
37 *employed in the ~~immediately preceding~~ fiscal year immediately*
38 *preceding the fiscal year in which the abatement becomes effective*
39 *or by six employees, whichever is greater ~~H~~ , who will be employed*
40 *at the location of the business in that county or city until at least*
41 *the date which is 5 years after the date on which the abatement*
42 *becomes effective.*

43 (2) The business will expand by making a capital investment
44 in this State , *not later than the date which is 2 years after the date*
45 *on which the abatement becomes effective*, in an amount equal to at



1 least 20 percent of the value of the tangible property possessed by
2 the business in the ~~immediately preceding~~ fiscal year ~~†~~
3 *immediately preceding the fiscal year in which the abatement*
4 *becomes effective, and the capital investment will be in capital*
5 *assets that will be retained at the location of the business in that*
6 *county or city until at least the date which is 5 years after the date*
7 *on which the abatement becomes effective.* The determination of
8 the value of the tangible property possessed by the business in the
9 immediately preceding fiscal year must be made by the:

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

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

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

18 (I) The business will *, by the fourth calendar quarter*
19 *following the calendar quarter in which the abatement becomes*
20 *effective*, provide a health insurance plan for all new employees that
21 includes an option for health insurance coverage for dependents of
22 the employees; and

23 (II) The cost to the business for the benefits the business
24 provides to its new employees in this State will meet the minimum
25 requirements for benefits established by the Office by regulation
26 pursuant to subsection 8.

27 3. Notwithstanding the provisions of subsection 2, the Office
28 of Economic Development:

29 (a) Shall not consider an application for a partial abatement
30 unless the Office has requested a letter of acknowledgment of the
31 request for the abatement from any affected county, school district,
32 city or town.

33 (b) May, if the Office determines that such action is necessary:

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

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

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

41 4. If the Office of Economic Development approves an
42 application for a partial abatement, the Office shall immediately
43 forward a certificate of eligibility for the abatement to:

44 (a) The Department;

45 (b) The Nevada Tax Commission; and



* A B 3 8 R 2 *

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

3 5. An applicant for a partial abatement pursuant to this section
4 or an existing business whose partial abatement is in effect shall,
5 upon the request of the Executive Director of the Office of
6 Economic Development, furnish the Executive Director with copies
7 of all records necessary to verify that the applicant meets the
8 requirements of subsection 2.

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

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

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

14 ➔ the business shall repay to the Department or, if the partial
15 abatement was from the property tax imposed pursuant to chapter
16 361 of NRS, to the county treasurer, the amount of the exemption
17 that was allowed pursuant to this section before the failure of the
18 business to comply unless the Nevada Tax Commission determines
19 that the business has substantially complied with the requirements of
20 this section. Except as otherwise provided in NRS 360.232 and
21 360.320, the business shall, in addition to the amount of the
22 exemption required to be paid pursuant to this subsection, pay
23 interest on the amount due at the rate most recently established
24 pursuant to NRS 99.040 for each month, or portion thereof, from the
25 last day of the month following the period for which the payment
26 would have been made had the partial abatement not been approved
27 until the date of payment of the tax.

28 7. A county treasurer:

29 (a) Shall deposit any money that he or she receives pursuant to
30 subsection 6 in one or more of the funds established by a local
31 government of the county pursuant to NRS 354.6113 or 354.6115;
32 and

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

35 8. The Office of Economic Development:

36 (a) Shall adopt regulations relating to the minimum level of
37 benefits that a business must provide to its employees if the business
38 is going to use benefits paid to employees as a basis to qualify for a
39 partial abatement; and

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

43 9. The Nevada Tax Commission:

44 (a) Shall adopt regulations regarding:



* A B 3 8 R 2 *

1 (1) The capital investment that a new business must make to
2 meet the requirement set forth in paragraph (d) or (e) of subsection
3 2; and

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

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

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

12 **Sec. 3.5.** NRS 360.757 is hereby amended to read as follows:

13 360.757 1. The Office of Economic Development shall not
14 take any action on an application for any abatement of taxes
15 pursuant to NRS 274.310, 274.320, 274.330 or 360.750 or any other
16 specific statute unless the Office:

17 (a) Takes that action at a public ~~hearing~~ *meeting* conducted for
18 that purpose; and

19 (b) At least 30 days before the ~~hearing~~ *meeting*, provides
20 notice of the application to:

21 (1) The governing body of the county, the board of trustees
22 of the school district and the governing body of the city or town, if
23 any, in which the pertinent business is or will be located;

24 (2) The governing body of any other political subdivision
25 that could be affected by the abatement; and

26 (3) The general public.

27 2. The notice required by this section must set forth the date,
28 time and location of the ~~hearing~~ *meeting* at which the Office of
29 Economic Development will consider the application.

30 3. The Office of Economic Development shall adopt
31 regulations relating to the notice required by this section.

32 **Sec. 4.** NRS 361.0687 is hereby amended to read as follows:

33 361.0687 1. A person who intends to locate or expand a
34 business in this State may, pursuant to NRS 360.750, apply to the
35 Office of Economic Development for a partial abatement from the
36 taxes imposed by this chapter.

37 2. For a business to qualify pursuant to NRS 360.750 for a
38 partial abatement from the taxes imposed by this chapter, the Office
39 of Economic Development must determine that, in addition to
40 meeting the other requirements set forth in subsection 2 of that
41 section:

42 (a) If the business is a new business in a county whose
43 population is 100,000 or more or a city whose population is 60,000
44 or more:



1 (1) The business will , *not later than the date which is 2*
2 *years after the date on which the abatement becomes effective,*
3 make a capital investment in the county *or city* of ~~fat~~ :

4 (I) *At* least \$50,000,000 if the business is an industrial or
5 manufacturing business ; or ~~fat~~

6 (II) *At* least \$5,000,000 if the business is not an industrial
7 or manufacturing business ~~fat~~ ,

8 *↪ in capital assets that will be retained at the location of the*
9 *business in that county or city until at least the date which is 5*
10 *years after the date on which the abatement becomes effective;* and

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

16 (b) If the business is a new business in a county whose
17 population is less than 100,000 or a city whose population is less
18 than 60,000:

19 (1) The business will , *not later than the date which is 2*
20 *years after the date on which the abatement becomes effective,*
21 make a capital investment in the county *or city* of ~~fat~~ :

22 (I) *At* least \$5,000,000 if the business is an industrial or
23 manufacturing business ; or ~~fat~~

24 (II) *At* least \$500,000 if the business is not an industrial
25 or manufacturing business ~~fat~~ ,

26 *↪ in capital assets that will be retained at the location of the*
27 *business in that county or city until at least the date which is 5*
28 *years after the date on which the abatement becomes effective;* and

29 (2) The average hourly wage that will be paid by the new
30 business to its employees in this State is at least 100 percent of the
31 average statewide hourly wage or the average countywide hourly
32 wage, whichever is less, as established by the Employment Security
33 Division of the Department of Employment, Training and
34 Rehabilitation on July 1 of each fiscal year.

35 3. Except as otherwise provided in NRS 701A.210, if a partial
36 abatement from the taxes imposed by this chapter is approved by the
37 Office of Economic Development pursuant to NRS 360.750:

38 (a) The partial abatement must:

39 (1) Be for a duration of at least 1 year but not more than 10
40 years;

41 (2) Not exceed 50 percent of the taxes on personal property
42 payable by a business each year pursuant to this chapter; and

43 (3) Be administered and carried out in the manner set forth in
44 NRS 360.750.



1 (b) The Executive Director of the Office of Economic
2 Development shall notify the county assessor of the county in which
3 the business is *or will be* located of the approval of the partial
4 abatement, including, without limitation, the duration and
5 percentage of the partial abatement that the Office granted. The
6 Executive Director shall, on or before April 15 of each year, advise
7 the county assessor of each county in which a business qualifies for
8 a partial abatement during the current fiscal year as to whether the
9 business is still eligible for the partial abatement in the next
10 succeeding fiscal year.

11 **Sec. 5.** NRS 361.0687 is hereby amended to read as follows:

12 361.0687 1. A person who intends to locate or expand a
13 business in this State may, pursuant to NRS 360.750, apply to the
14 Office of Economic Development for a partial abatement from the
15 taxes imposed by this chapter.

16 2. For a business to qualify pursuant to NRS 360.750 for a
17 partial abatement from the taxes imposed by this chapter, the Office
18 of Economic Development must determine that, in addition to
19 meeting the other requirements set forth in subsection 2 of that
20 section:

21 (a) If the business is a new business in a county whose
22 population is 100,000 or more or a city whose population is 60,000
23 or more:

24 (1) The business will, not later than the date which is 2 years
25 after the date on which the abatement becomes effective, make a
26 capital investment in the county or city of:

27 (I) At least ~~150,000,000~~ *5,000,000* if the business is an
28 industrial or manufacturing business; or

29 (II) At least ~~5,000,000~~ *1,000,000* if the business is not
30 an industrial or manufacturing business,

31 ➤ in capital assets that will be retained at the location of the
32 business in that county or city until at least the date which is 5 years
33 after the date on which the abatement becomes effective; and

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

39 (b) If the business is a new business in a county whose
40 population is less than 100,000 or a city whose population is less
41 than 60,000:

42 (1) The business will, not later than the date which is 2 years
43 after the date on which the abatement becomes effective, make a
44 capital investment in the county or city of:



1 (I) At least ~~15,000,000~~ **\$1,000,000** if the business is an
2 industrial or manufacturing business; or

3 (II) At least ~~500,000~~ **\$250,000** if the business is not an
4 industrial or manufacturing business,

5 ➔ in capital assets that will be retained at the location of the
6 business in that county or city until at least the date which is 5 years
7 after the date on which the abatement becomes effective; and

8 (2) The average hourly wage that will be paid by the new
9 business to its employees in this State is at least 100 percent of the
10 average statewide hourly wage or the average countywide hourly
11 wage, whichever is less, as established by the Employment Security
12 Division of the Department of Employment, Training and
13 Rehabilitation on July 1 of each fiscal year.

14 3. Except as otherwise provided in **subsection 4 and** NRS
15 701A.210, if a partial abatement from the taxes imposed by this
16 chapter is approved by the Office of Economic Development
17 pursuant to NRS 360.750:

18 (a) The partial abatement must:

19 (1) Be for a duration of at least 1 year but not more than 10
20 years;

21 (2) Not exceed 50 percent of the taxes on personal property
22 payable by a business each year pursuant to this chapter; and

23 (3) Be administered and carried out in the manner set forth in
24 NRS 360.750.

25 (b) The Executive Director of the Office of Economic
26 Development shall notify the county assessor of the county in which
27 the business is or will be located of the approval of the partial
28 abatement, including, without limitation, the duration and
29 percentage of the partial abatement that the Office granted. The
30 Executive Director shall, on or before April 15 of each year, advise
31 the county assessor of each county in which a business qualifies for
32 a partial abatement during the current fiscal year as to whether the
33 business is still eligible for the partial abatement in the next
34 succeeding fiscal year.

35 **4. Except as otherwise provided in NRS 701A.210, if a partial**
36 **abatement from the taxes imposed by this chapter is approved by**
37 **the Office of Economic Development pursuant to NRS 360.750 for**
38 **a business which is or will be located in a foreign trade zone in**
39 **this State, the partial abatement must:**

40 (a) **Be for a duration of at least 1 year but not more than 5**
41 **years; and**

42 (b) **Not exceed 75 percent of the taxes on personal property**
43 **payable by a business each year pursuant to this chapter.**

44 **5. As used in this section, "foreign trade zone" means an**
45 **activated foreign trade zone established, operated and maintained**



1 *in accordance with chapter 237A of NRS and any applicable*
2 *federal laws.*

3 **Sec. 6.** NRS 372.397 is hereby amended to read as follows:

4 372.397 1. ~~Payment of the tax on the sale of capital goods~~
5 ~~for a sales price of \$100,000 or more may be deferred without~~
6 ~~interest in accordance with this section. If the sales price is:~~

7 ~~—(a) At least \$100,000 but less than \$350,000, the tax must be~~
8 ~~paid within 12 months.~~

9 ~~—(b) At least \$350,000 but less than \$600,000, the tax must be~~
10 ~~paid within 24 months.~~

11 ~~—(c) At least \$600,000 but less than \$850,000, the tax must be~~
12 ~~paid within 36 months.~~

13 ~~—(d) At least \$850,000 but less than \$1,000,000, the tax must be~~
14 ~~paid within 48 months.~~

15 ~~—(e) One million dollars or more, the tax must be paid within 60~~
16 ~~months.~~

17 ~~Payment must be made in each month at a rate which is at least~~
18 ~~sufficient to result in payment of the total obligation within the~~
19 ~~permitted period.~~

20 ~~2.]~~ A person may apply to the Office of Economic
21 Development for ~~such~~ a deferment ~~of the payment of the tax on~~
22 *the sale of eligible property for a sales price of \$1,000,000 or more*
23 *for use by the person in a business in this State.* If a purchase is
24 made outside of the State from a retailer who is not registered with
25 the Department, an application for a deferment must be made in
26 advance or, if the purchase has been made, within 60 days after the
27 date on which the tax is due. If a purchase is made in this State from
28 a retailer who is registered with the Department and to whom the tax
29 is paid, an application must be made within 60 days after the
30 payment of the tax. If the application for a deferment is approved,
31 the taxpayer is eligible for a refund of the tax paid.

32 ~~3.]~~ 2. The Office of Economic Development shall certify the
33 person's eligibility for a deferment *pursuant to this section* if:

34 (a) *The person meets the eligibility requirements set forth in*
35 *NRS 360.750 for a partial abatement of the taxes imposed on the*
36 *person pursuant to chapter 374 of NRS;*

37 (b) The purchase is consistent with the State Plan for Economic
38 Development developed by the Executive Director of the Office
39 pursuant to subsection 2 of NRS 231.053; and

40 ~~(b)]~~ (c) The Office determines that ~~the~~ :

41 (1) *The* deferment is a significant factor in the decision of the
42 person to locate or expand a business in this State ~~of~~ ; *and*

43 (2) *The eligible property will be retained at the location of*
44 *the person's business in this State until at least the date which is 5*



1 *years after the date on which the Office certifies the person's*
2 *eligibility for the deferment.*

3 ↪ Upon certification, the Office shall immediately forward the
4 deferment to the Nevada Tax Commission.

5 ~~4.~~ 3. Upon receipt of such a certification, the Nevada Tax
6 Commission shall verify the sale, the price paid, ~~and~~ the date of
7 the sale and ~~assign~~ the applicable period for payment of the
8 deferred tax. It may require security for the payment in an amount
9 which does not exceed the amount of tax deferred.

10 ~~5.~~ 4. *If the Office of Economic Development certifies a*
11 *person's eligibility for a deferment pursuant to this section:*

12 (a) *Payment of the total amount of tax due on the sale of the*
13 *eligible property must be deferred without interest for the 60-*
14 *month period beginning on the date the Office makes that*
15 *certification; and*

16 (b) *Payment of the tax must be made in each month, beginning*
17 *not later than the date which is 1 year after the date on which the*
18 *Office makes that certification, at a rate which is at least sufficient*
19 *to result in payment of the total obligation within the period*
20 *described in paragraph (a).*

21 5. The Nevada Tax Commission shall adopt regulations
22 governing:

23 (a) The aggregation of related purchases which are made to
24 expand a business, establish a new business, or renovate or replace
25 ~~capital equipment;~~ *eligible property;* and

26 (b) The period within which such purchases may be aggregated.

27 6. *As used in this section, "eligible property" does not include*
28 *any of the following capital assets:*

29 (a) *Buildings or the structural components of buildings;*

30 (b) *Equipment used by a public utility;*

31 (c) *Equipment used for medical treatment;*

32 (d) *Machinery or equipment used in mining; or*

33 (e) *Machinery or equipment used in gaming.*

34 **Sec. 6.5.** Chapter 374 of NRS is hereby amended by adding
35 thereto a new section to read as follows:

36 1. *A person who maintains a business or intends to locate a*
37 *business in a historically underutilized business zone, as defined*
38 *in 15 U.S.C. § 632, redevelopment area created pursuant to NRS*
39 *279.382 to 279.685, inclusive, area eligible for a community*
40 *development block grant pursuant to 24 C.F.R. Part 570 or*
41 *enterprise community established pursuant to 24 C.F.R. Part 597*
42 *in this State may, pursuant to the applicable provisions of NRS*
43 *274.310, 274.320 or 274.330, apply to the Office of Economic*
44 *Development for an abatement from the taxes imposed by this*
45 *chapter on the gross receipts from the sale, and the storage, use or*



1 *other consumption, of eligible machinery or equipment for use by*
2 *a business which has been approved for an abatement pursuant to*
3 *NRS 274.310, 274.320 or 274.330.*

4 *2. If an application for an abatement is approved pursuant to*
5 *NRS 274.310, 274.320 or 274.330:*

6 *(a) The taxpayer is eligible for an abatement from the tax*
7 *imposed by this chapter for:*

8 *(1) Except as otherwise provided in subparagraph (2), a*
9 *duration of not less than 1 year but not more than 5 years; or*

10 *(2) If the business is a data center that has invested or*
11 *commits to invest during the period in which the abatement is*
12 *effective, a minimum of \$200,000,000 in the historically*
13 *underutilized business zone, as defined in 15 U.S.C. § 632,*
14 *redevelopment area created pursuant to NRS 279.382 to 279.685,*
15 *inclusive, area eligible for a community development block grant*
16 *pursuant to 24 C.F.R. Part 570 or enterprise community*
17 *established pursuant to 24 C.F.R. Part 597, a duration of not less*
18 *than 1 year but not more than 10 years.*

19 *(b) The abatement must be administered and carried out in the*
20 *manner set forth in the applicable provisions of NRS 274.310,*
21 *274.320 or 274.330.*

22 *3. As used in this section, unless the context otherwise*
23 *requires:*

24 *(a) "Data center" has the meaning ascribed to it in section 7.3*
25 *of this act.*

26 *(b) "Eligible machinery or equipment" means machinery or*
27 *equipment for which a deduction is authorized pursuant to 26*
28 *U.S.C. § 179. The term does not include:*

29 *(1) Buildings or the structural components of buildings;*

30 *(2) Equipment used by a public utility;*

31 *(3) Equipment used for medical treatment;*

32 *(4) Machinery or equipment used in mining; or*

33 *(5) Machinery or equipment used in gaming.*

34 **Sec. 7.** NRS 374.402 is hereby amended to read as follows:

35 374.402 1. ~~Payment of the tax on the sale of capital goods~~
36 ~~for a sales price of \$100,000 or more may be deferred without~~
37 ~~interest in accordance with this section. If the sales price is:~~

38 ~~—(a) At least \$100,000 but less than \$350,000, the tax must be~~
39 ~~paid within 12 months.~~

40 ~~—(b) At least \$350,000 but less than \$600,000, the tax must be~~
41 ~~paid within 24 months.~~

42 ~~—(c) At least \$600,000 but less than \$850,000, the tax must be~~
43 ~~paid within 36 months.~~

44 ~~—(d) At least \$850,000 but less than \$1,000,000, the tax must be~~
45 ~~paid within 48 months.~~



1 ~~—(e) One million dollars or more, the tax must be paid within 60~~
2 ~~months.~~

3 ~~→ Payment must be made in each month at a rate which is at least~~
4 ~~sufficient to result in payment of the total obligation within the~~
5 ~~permitted period.~~

6 ~~—2.†~~ A person may apply to the Office of Economic
7 Development for ~~{such†}~~ a deferment ~~††~~ *of the payment of the tax on*
8 *the sale of eligible property for a sales price of \$1,000,000 or more*
9 *for use by the person in a business in this State.* If a purchase is
10 made outside of the State from a retailer who is not registered with
11 the Department, an application for a deferment must be made in
12 advance or, if the purchase has been made, within 60 days after the
13 date on which the tax is due. If a purchase is made in this State from
14 a retailer who is registered with the Department and to whom the tax
15 is paid, an application must be made within 60 days after the
16 payment of the tax. If the application for a deferment is approved,
17 the taxpayer is eligible for a refund of the tax paid.

18 ~~†3.†~~ 2. The Office of Economic Development shall certify the
19 person's eligibility for a deferment *pursuant to this section* if:

20 (a) *The person meets the eligibility requirements set forth in*
21 *NRS 360.750 for a partial abatement of the taxes imposed on the*
22 *person pursuant to this chapter;*

23 (b) The purchase is consistent with the State Plan for Economic
24 Development developed by the Executive Director of the Office
25 pursuant to subsection 2 of NRS 231.053; and

26 ~~†(b)†~~ (c) The Office determines that ~~†the†~~ :

27 (1) *The deferment is a significant factor in the decision of the*
28 *person to locate or expand a business in this State ††; and*

29 (2) *The eligible property will be retained at the location of*
30 *the person's business in this State until at least the date which is 5*
31 *years after the date on which the Office certifies the person's*
32 *eligibility for the deferment.*

33 ~~→~~ Upon certification, the Office shall immediately forward the
34 deferment to the Nevada Tax Commission.

35 ~~†4.†~~ 3. Upon receipt of such a certification, the Nevada Tax
36 Commission shall verify the sale, the price paid, ~~†and†~~ the date of
37 the sale and ~~†assign†~~ the applicable period for payment of the
38 deferred tax. It may require security for the payment in an amount
39 which does not exceed the amount of tax deferred.

40 ~~†5.†~~ 4. *If the Office of Economic Development certifies a*
41 *person's eligibility for a deferment pursuant to this section:*

42 (a) *Payment of the total amount of tax due on the sale of the*
43 *eligible property must be deferred without interest for the 60-*
44 *month period beginning on the date the Office makes that*
45 *certification; and*



1 ***(b) Payment of the tax must be made in each month, beginning***
2 ***not later than the date which is 1 year after the date on which the***
3 ***Office makes that certification, at a rate which is at least sufficient***
4 ***to result in payment of the total obligation within the period***
5 ***described in paragraph (a).***

6 **5.** The Nevada Tax Commission shall adopt regulations
7 governing:

8 (a) The aggregation of related purchases which are made to
9 expand a business, establish a new business, or renovate or replace
10 ~~capital equipment;~~ ***eligible property;*** and

11 (b) The period within which such purchases may be aggregated.

12 **6.** ***As used in this section, "eligible property" does not include***
13 ***any of the following capital assets:***

14 ***(a) Buildings or the structural components of buildings;***

15 ***(b) Equipment used by a public utility;***

16 ***(c) Equipment used for medical treatment;***

17 ***(d) Machinery or equipment used in mining; or***

18 ***(e) Machinery or equipment used in gaming.***

19 **Sec. 7.3.** Chapter 274 of NRS is hereby amended by adding
20 thereto a new section to read as follows:

21 ***"Data center" means one or more buildings located at one***
22 ***physical location which house a group of networked server***
23 ***computers for the purpose of centralizing the storage,***
24 ***management and dissemination of data and information***
25 ***pertaining to a particular business and includes the associated***
26 ***telecommunications and storage systems at the location.***

27 **Sec. 7.7.** NRS 274.010 is hereby amended to read as follows:

28 274.010 As used in this chapter, unless the context otherwise
29 requires, the words and terms defined in NRS 274.020 to 274.080,
30 inclusive, ***and section 7.3 of this act*** have the meanings ascribed to
31 them in those sections.

32 **Sec. 8.** NRS 274.310 is hereby amended to read as follows:

33 274.310 1. A person who intends to locate a business in this
34 State within:

35 (a) A historically underutilized business zone, as defined in 15
36 U.S.C. § 632;

37 (b) A redevelopment area created pursuant to NRS 279.382 to
38 279.685, inclusive;

39 (c) An area eligible for a community development block grant
40 pursuant to 24 C.F.R. Part 570; or

41 (d) An enterprise community established pursuant to 24 C.F.R.
42 Part 597,

43 ➔ may submit a request to the governing body of the county, city or
44 town in which the business would operate for an endorsement of an
45 application by the person to the Office of Economic Development



1 for a partial abatement of one or more of the taxes imposed pursuant
2 to chapter 361 or 374 of NRS. The governing body of the county,
3 city or town shall provide notice of the request to the board of
4 trustees of the school district in which the business would operate.
5 The notice must set forth the date, time and location of the hearing
6 at which the governing body will consider whether to endorse the
7 application.

8 2. The governing body of a county, city or town shall develop
9 procedures for:

10 (a) Evaluating whether such an abatement would be beneficial
11 for the economic development of the county, city or town.

12 (b) Issuing a certificate of endorsement for an application for
13 such an abatement that is found to be beneficial for the economic
14 development of the county, city or town.

15 3. A person whose application has been endorsed by the
16 governing body of the county, city or town, as applicable, pursuant
17 to this section may submit the application to the Office of Economic
18 Development. The Office shall approve the application if the Office
19 makes the following determinations:

20 (a) The business is consistent with:

21 (1) The State Plan for Economic Development developed by
22 the Administrator pursuant to subsection 2 of NRS 231.053; and

23 (2) Any guidelines adopted by the Administrator to
24 implement the State Plan for Economic Development.

25 (b) The applicant has executed an agreement with the Office
26 which states that the business will, after the date on which ~~the~~
27 ~~certificate of eligibility for~~ the abatement ~~is issued pursuant to~~
28 ~~subsection 4;~~ *becomes effective:*

29 (1) Commence operation and continue in operation in the
30 historically underutilized business zone, as defined in 15 U.S.C. §
31 632, redevelopment area created pursuant to NRS 279.382 to
32 279.685, inclusive, area eligible for a community development
33 block grant pursuant to 24 C.F.R. Part 570 or enterprise community
34 established pursuant to 24 C.F.R. Part 597 for a period specified by
35 the Office, which must be at least 5 years; and

36 (2) Continue to meet the eligibility requirements set forth in
37 this subsection.

38 ➤ The agreement must bind successors in interest of the business
39 for the specified period.

40 (c) The business is registered pursuant to the laws of this State
41 or the applicant commits to obtain a valid business license and all
42 other permits required by the county, city or town in which the
43 business will operate.

44 (d) The applicant invested or commits to invest a minimum of
45 \$500,000 in capital ~~H~~ *assets that will be retained at the location of*



1 *the business in the historically underutilized business zone, as*
2 *defined in 15 U.S.C. § 632, redevelopment area created pursuant*
3 *to NRS 279.382 to 279.685, inclusive, area eligible for a*
4 *community development block grant pursuant to 24 C.F.R. Part*
5 *570 or enterprise community established pursuant to 24 C.F.R.*
6 *Part 597 until at least the date which is 5 years after the date on*
7 *which the abatement becomes effective.*

8 4. If the Office of Economic Development approves an
9 application for a partial abatement, the Office shall immediately
10 forward a certificate of eligibility for the abatement to:

11 (a) The Department of Taxation;

12 (b) The Nevada Tax Commission; and

13 (c) If the partial abatement is from the property tax imposed
14 pursuant to chapter 361 of NRS, the county treasurer of the county
15 in which the business will be located.

16 5. *If the Office of Economic Development approves an*
17 *application for a partial abatement pursuant to this section:*

18 (a) *The partial abatement must:*

19 (1) *Except as otherwise provided in subparagraph (2), be*
20 *for a duration of not less than 1 year but not more than 5 years; or*

21 (2) *If the business is a data center that has invested or*
22 *commits to invest during the period in which the abatement is*
23 *effective a minimum of \$200,000,000 in the historically*
24 *underutilized business zone, as defined in 15 U.S.C. § 632,*
25 *redevelopment area created pursuant to NRS 279.382 to 279.685,*
26 *inclusive, area eligible for a community development block grant*
27 *pursuant to 24 C.F.R. Part 570 or enterprise community*
28 *established pursuant to 24 C.F.R. Part 597, be for a duration of*
29 *not less than 1 year but not more than 10 years.*

30 (b) *If the abatement is from the property tax imposed pursuant*
31 *to chapter 361 of NRS, the partial abatement must not exceed 75*
32 *percent of the taxes on personal property payable by a business*
33 *each year pursuant to that chapter.*

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

36 (a) To meet the eligibility requirements for the partial
37 abatement; or

38 (b) Operation before the time specified in the agreement
39 described in paragraph (b) of subsection 3,

40 ➔ the business shall repay to the Department of Taxation or, if the
41 partial abatement was from the property tax imposed pursuant to
42 chapter 361 of NRS, to the county treasurer, the amount of the
43 exemption that was allowed pursuant to this section before the
44 failure of the business to comply unless the Nevada Tax
45 Commission determines that the business has substantially complied



1 with the requirements of this section. Except as otherwise provided
2 in NRS 360.232 and 360.320, the business shall, in addition to the
3 amount of the exemption required to be paid pursuant to this
4 subsection, pay interest on the amount due at the rate most recently
5 established pursuant to NRS 99.040 for each month, or portion
6 thereof, from the last day of the month following the period for
7 which the payment would have been made had the partial abatement
8 not been approved until the date of payment of the tax.

9 ~~6.1~~ 7. The Office of Economic Development may adopt such
10 regulations as the Office determines to be necessary or advisable to
11 carry out the provisions of this section.

12 ~~7.1~~ 8. An applicant for an abatement who is aggrieved by a
13 final decision of the Office of Economic Development may petition
14 for judicial review in the manner provided in chapter 233B of NRS.

15 **Sec. 9.** NRS 274.320 is hereby amended to read as follows:

16 274.320 1. A person who intends to expand a business in this
17 State within:

18 (a) A historically underutilized business zone, as defined in 15
19 U.S.C. § 632;

20 (b) A redevelopment area created pursuant to NRS 279.382 to
21 279.685, inclusive;

22 (c) An area eligible for a community development block grant
23 pursuant to 24 C.F.R. Part 570; or

24 (d) An enterprise community established pursuant to 24 C.F.R.
25 Part 597,

26 ↪ may submit a request to the governing body of the county, city or
27 town in which the business operates for an endorsement of an
28 application by the person to the Office of Economic Development
29 for a partial abatement of the taxes imposed on capital equipment
30 pursuant to chapter 374 of NRS. The governing body of the county,
31 city or town shall provide notice of the request to the board of
32 trustees of the school district in which the business operates. The
33 notice must set forth the date, time and location of the hearing at
34 which the governing body will consider whether to endorse the
35 application.

36 2. The governing body of a county, city or town shall develop
37 procedures for:

38 (a) Evaluating whether such an abatement would be beneficial
39 for the economic development of the county, city or town.

40 (b) Issuing a certificate of endorsement for an application for
41 such an abatement that is found to be beneficial for the economic
42 development of the county, city or town.

43 3. A person whose application has been endorsed by the
44 governing body of the county, city or town, as applicable, pursuant
45 to this section may submit the application to the Office of Economic



1 Development. The Office shall approve the application if the Office
2 makes the following determinations:

3 (a) The business is consistent with:

4 (1) The State Plan for Economic Development developed by
5 the Administrator pursuant to subsection 2 of NRS 231.053; and

6 (2) Any guidelines adopted by the Administrator to
7 implement the State Plan for Economic Development.

8 (b) The applicant has executed an agreement with the Office
9 which states that the business will, after the date on which ~~the~~
10 ~~certificate of eligibility for~~ the abatement ~~is issued pursuant to~~
11 ~~subsection 4:~~ *becomes effective:*

12 (1) Continue in operation in the historically underutilized
13 business zone, as defined in 15 U.S.C. § 632, redevelopment area
14 created pursuant to NRS 279.382 to 279.685, inclusive, area eligible
15 for a community development block grant pursuant to 24 C.F.R.
16 Part 570 or enterprise community established pursuant to 24 C.F.R.
17 Part 597 for a period specified by the Office, which must be at least
18 5 years; and

19 (2) Continue to meet the eligibility requirements set forth in
20 this subsection.

21 ➔ The agreement must bind successors in interest of the business
22 for the specified period.

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

27 (d) The applicant invested or commits to invest a minimum of
28 \$250,000 in capital equipment *that will be retained at the*
29 *location of the business in the historically underutilized business*
30 *zone, as defined in 15 U.S.C. § 632, redevelopment area created*
31 *pursuant to NRS 279.382 to 279.685, inclusive, area eligible for a*
32 *community development block grant pursuant to 24 C.F.R. Part*
33 *570 or enterprise community established pursuant to 24 C.F.R.*
34 *Part 597 until at least the date which is 5 years after the date on*
35 *which the abatement becomes effective.*

36 4. If the Office of Economic Development approves an
37 application for a partial abatement, the Office shall immediately
38 forward a certificate of eligibility for the abatement to:

39 (a) The Department of Taxation; and

40 (b) The Nevada Tax Commission.

41 5. *If the Office of Economic Development approves an*
42 *application for a partial abatement pursuant to this section:*

43 (a) *The partial abatement must:*

44 (1) *Except as otherwise provided in subparagraph (2), be*
45 *for a duration of not less than 1 year but not more than 5 years; or*



1 ***(2) If the business is a data center that has invested or***
2 ***commits to invest during the period in which the abatement is***
3 ***effective a minimum of \$200,000,000 in the historically***
4 ***underutilized business zone, as defined in 15 U.S.C. § 632,***
5 ***redevelopment area created pursuant to NRS 279.382 to 279.685,***
6 ***inclusive, area eligible for a community development block grant***
7 ***pursuant to 24 C.F.R. Part 570 or enterprise community***
8 ***established pursuant to 24 C.F.R. Part 597, be for a duration of***
9 ***not less than 1 year but not more than 10 years.***

10 ***(b) If the abatement is from the property tax imposed pursuant***
11 ***to chapter 361 of NRS, the partial abatement must not exceed 75***
12 ***percent of the taxes on personal property payable by a business***
13 ***each year pursuant to that chapter.***

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

16 (a) To meet the eligibility requirements for the partial
17 abatement; or

18 (b) Operation before the time specified in the agreement
19 described in paragraph (b) of subsection 3,

20 ↳ the business shall repay to the Department of Taxation the
21 amount of the exemption that was allowed pursuant to this section
22 before the failure of the business to comply unless the Nevada Tax
23 Commission determines that the business has substantially complied
24 with the requirements of this section. Except as otherwise provided
25 in NRS 360.232 and 360.320, the business shall, in addition to the
26 amount of the exemption required to be paid pursuant to this
27 subsection, pay interest on the amount due at the rate most recently
28 established pursuant to NRS 99.040 for each month, or portion
29 thereof, from the last day of the month following the period for
30 which the payment would have been made had the partial abatement
31 not been approved until the date of payment of the tax.

32 ~~6-1~~ **7.** The Office of Economic Development may adopt such
33 regulations as the Office determines to be necessary or advisable to
34 carry out the provisions of this section.

35 ~~7-1~~ **8.** An applicant for an abatement who is aggrieved by a
36 final decision of the Office of Economic Development may petition
37 for judicial review in the manner provided in chapter 233B of NRS.

38 **Sec. 9.5.** NRS 274.330 is hereby amended to read as follows:

39 274.330 1. A person who owns a business which is located
40 within an enterprise community established pursuant to 24 C.F.R.
41 Part 597 in this State may submit a request to the governing body of
42 the county, city or town in which the business is located for an
43 endorsement of an application by the person to the Office of
44 Economic Development for a partial abatement of one or more of
45 the taxes imposed pursuant to chapter 361 or 374 of NRS. The



1 governing body of the county, city or town shall provide notice of
2 the request to the board of trustees of the school district in which the
3 business operates. The notice must set forth the date, time and
4 location of the hearing at which the governing body will consider
5 whether to endorse the application.

6 2. The governing body of a county, city or town shall develop
7 procedures for:

8 (a) Evaluating whether such an abatement would be beneficial
9 for the economic development of the county, city or town.

10 (b) Issuing a certificate of endorsement for an application for
11 such an abatement that is found to be beneficial for the economic
12 development of the county, city or town.

13 3. A person whose application has been endorsed by the
14 governing body of the county, city or town, as applicable, pursuant
15 to this section may submit the application to the Office of Economic
16 Development. The Office shall approve the application if the Office
17 makes the following determinations:

18 (a) The business is consistent with:

19 (1) The State Plan for Economic Development developed by
20 the Administrator pursuant to subsection 2 of NRS 231.053; and

21 (2) Any guidelines adopted by the Administrator to
22 implement the State Plan for Economic Development.

23 (b) The applicant has executed an agreement with the Office
24 which states that the business will, after the date on which ~~the~~
25 ~~certificate of eligibility for~~ the abatement ~~is issued pursuant to~~
26 ~~subsection 4-~~ *becomes effective:*

27 (1) Continue in operation in the enterprise community for a
28 period specified by the Office, which must be at least 5 years; and

29 (2) Continue to meet the eligibility requirements set forth in
30 this subsection.

31 ➔ The agreement must bind successors in interest of the business
32 for the 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) The business:

38 (1) Employs one or more dislocated workers who reside in
39 the enterprise community; and

40 (2) Pays such employees a wage of not less than 100 percent
41 of the federally designated level signifying poverty for a family of
42 four persons and provides medical benefits to the employees and
43 their dependents.

44 4. If the Office of Economic Development approves an
45 application for a partial abatement, the Office shall:



1 (a) Determine the percentage of employees of the business
2 which meet the requirements of paragraph (d) of subsection 3 and
3 grant a partial abatement equal to that percentage; and

4 (b) Immediately forward a certificate of eligibility for the
5 abatement to:

6 (1) The Department of Taxation;

7 (2) The Nevada Tax Commission; and

8 (3) If the partial abatement is from the property tax imposed
9 pursuant to chapter 361 of NRS, the county treasurer of the county
10 in which the business is located.

11 5. *If the Office of Economic Development approves an*
12 *application for a partial abatement pursuant to this section:*

13 (a) *The partial abatement must:*

14 (1) *Except as otherwise provided in subparagraph (2), be*
15 *for a duration of not less than 1 year but not more than 5 years; or*

16 (2) *If the business is a data center that has invested or*
17 *commits to invest during the period in which the abatement is*
18 *effective a minimum of \$200,000,000 in the enterprise community*
19 *established pursuant to 24 C.F.R. Part 597, be for a duration of*
20 *not less than 1 year but not more than 10 years.*

21 (b) *If the abatement is from the property tax imposed pursuant*
22 *to chapter 361 of NRS, the partial abatement must not exceed 75*
23 *percent of the taxes on personal property payable by a business*
24 *each year pursuant to that chapter.*

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

27 (a) To meet the eligibility requirements for the partial
28 abatement; or

29 (b) Operation before the time specified in the agreement
30 described in paragraph (b) of subsection 3,

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

45 ~~6-~~ 7. The Office of Economic Development:



1 (a) Shall adopt regulations relating to the minimum level of
2 benefits that a business must provide to its employees to qualify for
3 an abatement pursuant to this section.

4 (b) May adopt such other regulations as the Office determines to
5 be necessary or advisable to carry out the provisions of this section.

6 ~~7-1~~ 8. An applicant for an abatement who is aggrieved by a
7 final decision of the Office of Economic Development may petition
8 for judicial review in the manner provided in chapter 233B of NRS.

9 ~~18-1~~ 9. As used in this section, “dislocated worker” means a
10 person who:

11 (a) Has been terminated, laid off or received notice of
12 termination or layoff from employment;

13 (b) Is eligible for or receiving or has exhausted his or her
14 entitlement to unemployment compensation;

15 (c) Has been dependent on the income of another family
16 member but is no longer supported by that income;

17 (d) Has been self-employed but is no longer receiving an income
18 from self-employment because of general economic conditions in
19 the community or natural disaster; or

20 (e) Is currently unemployed and unable to return to a previous
21 industry or occupation.

22 **Sec. 10.** NRS 701A.365 is hereby amended to read as follows:

23 701A.365 1. Except as otherwise provided in subsection 2,
24 the Director, in consultation with the Office of Economic
25 Development, shall approve an application for a partial abatement
26 pursuant to NRS 701A.300 to 701A.390, inclusive, if the Director,
27 in consultation with the Office of Economic Development, makes
28 the following determinations:

29 (a) The applicant has executed an agreement with the Director
30 which must:

31 (1) State that the facility will, after the date on which ~~the~~
32 ~~certificate of eligibility for~~ the abatement ~~is issued pursuant to~~
33 ~~NRS 701A.370,~~ *becomes effective*, continue in operation in this
34 State for a period specified by the Director, which must be at least
35 10 years, and will continue to meet the eligibility requirements for
36 the abatement; and

37 (2) Bind the successors in interest in the facility for the
38 specified period.

39 (b) The facility is registered pursuant to the laws of this State or
40 the applicant commits to obtain a valid business license and all other
41 permits required by the county, city or town in which the facility
42 operates.

43 (c) No funding is or will be provided by any governmental
44 entity in this State for the acquisition, design or construction of the



1 facility or for the acquisition of any land therefor, except any private
2 activity bonds as defined in 26 U.S.C. § 141.

3 (d) If the facility will be located in a county whose population is
4 100,000 or more or a city whose population is 60,000 or more, the
5 facility meets the following requirements:

6 (1) There will be 75 or more full-time employees working on
7 the construction of the facility during the second quarter of
8 construction, including, unless waived by the Director for good
9 cause, at least 30 percent who are residents of Nevada;

10 (2) Establishing the facility will require the facility to make a
11 capital investment of at least \$10,000,000 in this State ~~+~~ *in capital*
12 *assets that will be retained at the location of the facility until at*
13 *least the date which is 5 years after the date on which the*
14 *abatement becomes effective;*

15 (3) The average hourly wage that will be paid by the facility
16 to its employees in this State is at least 110 percent of the average
17 statewide hourly wage, excluding management and administrative
18 employees, as established by the Employment Security Division of
19 the Department of Employment, Training and Rehabilitation on
20 July 1 of each fiscal year; and

21 (4) The average hourly wage of the employees working on
22 the construction of the facility will be at least 150 percent of the
23 average statewide hourly wage, excluding management and
24 administrative employees, as established by the Employment
25 Security Division of the Department of Employment, Training and
26 Rehabilitation on July 1 of each fiscal year and:

27 (I) The employees working on the construction of the
28 facility must be provided a health insurance plan that includes an
29 option for health insurance coverage for dependents of the
30 employees; and

31 (II) The cost of the benefits provided to the employees
32 working on the construction of the facility will meet the minimum
33 requirements for benefits established by the Director by regulation
34 pursuant to NRS 701A.390.

35 (e) If the facility will be located in a county whose population is
36 less than 100,000 or a city whose population is less than 60,000, the
37 facility meets the following requirements:

38 (1) There will be 50 or more full-time employees working on
39 the construction of the facility during the second quarter of
40 construction, including, unless waived by the Director for good
41 cause, at least 30 percent who are residents of Nevada;

42 (2) Establishing the facility will require the facility to make a
43 capital investment of at least \$3,000,000 in this State ~~+~~ *in capital*
44 *assets that will be retained at the location of the facility until at*



1 *least the date which is 5 years after the date on which the*
2 *abatement becomes effective;*

3 (3) The average hourly wage that will be paid by the facility
4 to its employees in this State is at least 110 percent of the average
5 statewide hourly wage, excluding management and administrative
6 employees, as established by the Employment Security Division of
7 the Department of Employment, Training and Rehabilitation on
8 July 1 of each fiscal year; and

9 (4) The average hourly wage of the employees working on
10 the construction of the facility will be at least 150 percent of the
11 average statewide hourly wage, excluding management and
12 administrative employees, as established by the Employment
13 Security Division of the Department of Employment, Training and
14 Rehabilitation on July 1 of each fiscal year and:

15 (I) The employees working on the construction of the
16 facility must be provided a health insurance plan that includes an
17 option for health insurance coverage for dependents of the
18 employees; and

19 (II) The cost of the benefits provided to the employees
20 working on the construction of the facility will meet the minimum
21 requirements for benefits established by the Director by regulation
22 pursuant to NRS 701A.390.

23 (f) The financial benefits that will result to this State from the
24 employment by the facility of the residents of this State and from
25 capital investments by the facility in this State will exceed the loss
26 of tax revenue that will result from the abatement.

27 (g) The facility is consistent with the State Plan for Economic
28 Development developed by the Executive Director of the Office of
29 Economic Development pursuant to subsection 2 of NRS 231.053.

30 2. The Director shall not approve an application for a partial
31 abatement of the taxes imposed pursuant to chapter 361 of NRS
32 submitted pursuant to NRS 701A.360 by a facility for the generation
33 of electricity from geothermal resources unless the application is
34 approved pursuant to this subsection. The board of county
35 commissioners of a county must approve or deny the application not
36 later than 30 days after the board receives a copy of the application.
37 The board of county commissioners must not condition the approval
38 of the application on a requirement that the facility for the
39 generation of electricity from geothermal resources agree to
40 purchase, lease or otherwise acquire in its own name or on behalf of
41 the county any infrastructure, equipment, facilities or other property
42 in the county that is not directly related to or otherwise necessary for
43 the construction and operation of the facility. If the board of county
44 commissioners does not approve or deny the application within 30



1 days after the board receives the application, the application shall be
2 deemed denied.

3 3. Notwithstanding the provisions of subsection 1, the Director,
4 in consultation with the Office of Economic Development, may, if
5 the Director, in consultation with the Office, determines that such
6 action is necessary:

7 (a) Approve an application for a partial abatement for a facility
8 that does not meet the requirements set forth in paragraph (d) or (e)
9 of subsection 1; or

10 (b) Add additional requirements that a facility must meet to
11 qualify for a partial abatement.

12 4. The Director shall cooperate with the Office of Economic
13 Development in carrying out the provisions of this section.

14 5. The Director shall submit to the Office of Economic
15 Development an annual report, at such a time and containing such
16 information as the Office may require, regarding the partial
17 abatements granted pursuant to this section.

18 **Sec. 11.** The Legislature hereby finds that each exemption
19 provided by this act from any ad valorem tax on property or excise
20 tax on the sale, storage, use or consumption of tangible personal
21 property sold at retail:

22 1. Will achieve a bona fide social or economic purpose and that
23 the benefits of the exemption are expected to exceed any adverse
24 effect of the exemption on the provision of services to the public by
25 the State or a local government that would otherwise receive
26 revenue from the tax from which the exemption would be granted;
27 and

28 2. Will not impair adversely the ability of the State or a local
29 government to pay, when due, all interest and principal on any
30 outstanding bonds or any other obligations for which revenue from
31 the tax from which the exemption would be granted was pledged.

32 **Sec. 12.** 1. The amendatory provisions of sections 1 to 10,
33 inclusive, of this act do not apply to or otherwise affect any
34 abatement of taxes or deferment of the payment of taxes approved
35 by the Office of Economic Development or the Director of the
36 Office of Energy before July 1, 2013.

37 2. The expiration of section 5 of this act by limitation pursuant
38 to section 15 of this act does not affect any abatement of taxes
39 approved by the Office of Economic Development before July 1,
40 2017.

41 **Sec. 13.** Notwithstanding the provisions of NRS 274.310,
42 274.320, 360.750, 361.0687, 363B.120, 374.357, 701A.210 and
43 701A.300 to 701A.390, inclusive, a person is not, after June 30,
44 2032, entitled to any abatement of taxes approved by the Office of
45 Economic Development or the Director of the Office of Energy



1 pursuant to those provisions on or after July 1, 2013, and before
2 July 1, 2032.

3 **Sec. 14.** The provisions of NRS 218D.355 do not apply to this
4 act.

5 **Sec. 15.** 1. This act becomes effective:

6 (a) Upon passage and approval for the purpose of adopting any
7 regulations and performing any other preparatory administrative
8 tasks necessary to carry out the provisions of this act; and

9 (b) On July 1, 2013, for all other purposes.

10 2. Section 5 of this act expires by limitation on June 30, 2017.

11 3. Sections 3, 4, 6.5 and 7.3 to 10, inclusive, of this act expire
12 by limitation on June 30, 2032.

③



* A B 3 8 R 2 *