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ASSEMBLY BILL NO. 191—ASSEMBLYMEN CONKLIN, KIRKPATRICK,  
BUSTAMANTE ADAMS, NEAL, OCEGUERA; ATKINSON,  
DIAZ, DONDERO LOOP, FLORES AND MASTROLUCA

FEBRUARY 21, 2011

Referred to Committee on Taxation

SUMMARY—Revises provisions governing the partial abatement  
of certain taxes. (BDR 32-916)

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

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AN ACT relating to taxation; revising provisions governing the  
partial abatement of certain taxes; and providing other  
matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Under existing law, a person who intends to locate or expand a business in  
2 Nevada may apply to the Commission on Economic Development for a partial  
3 abatement of one or more of the taxes imposed on the new or expanded business  
4 pursuant to chapter 361 (property tax), 363B (business tax) or 374 (local school  
5 support tax) of NRS. (NRS 360.750, 361.0687, 363B.120, 374.357). This bill  
6 provides that a business which makes a capital investment of at least \$500,000 in a  
7 research program at the University of Nevada, Reno, or the University of Nevada,  
8 Las Vegas, for the support of research related to the field of endeavor of the  
9 business and which meets certain other requirements is eligible to apply for a  
10 partial abatement of property or business taxes, or both.

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

1 **Section 1.** The Legislature hereby finds that each exemption  
2 provided by this act from any ad valorem tax on property or excise  
3 tax on the sale, storage, use or consumption of tangible personal  
4 property sold at retail:  
5 1. Will achieve a bona fide social or economic purpose and that  
6 the benefits of the exemption are expected to exceed any adverse  
7 effect of the exemption on the provision of services to the public by



1 the State or a local government that would otherwise receive  
2 revenue from the tax from which the exemption would be granted;  
3 and

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

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

9 360.750 1. A person who intends to locate or expand a  
10 business in this State may apply to the Commission on Economic  
11 Development for a partial abatement of one or more of the taxes  
12 imposed on the new or expanded business pursuant to chapter 361,  
13 363B or 374 of NRS.

14 2. The Commission on Economic Development shall approve  
15 an application for a partial abatement if the Commission makes the  
16 following determinations:

17 (a) The business is consistent with:

18 (1) The State Plan for Industrial Development and  
19 Diversification that is developed by the Commission pursuant to  
20 NRS 231.067; and

21 (2) Any guidelines adopted pursuant to the State Plan.

22 (b) The applicant has executed an agreement with the  
23 Commission 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 Commission, which must be at least 5 years, and  
29 will 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.



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 benefits the business  
10 provides to its employees in this State will meet the minimum  
11 requirements for benefits established by the Commission by  
12 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 benefits the business  
32 provides to its employees in this State will meet the minimum  
33 requirements for benefits established by the Commission by  
34 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 benefits the business  
13 provides to its new employees in this State will meet the minimum  
14 requirements for benefits established by the Commission by  
15 regulation pursuant to subsection 8.

16 (g) In lieu of meeting the requirements of paragraph (d), (e) ~~(f)~~  
17 ~~(g)~~, (f) or (h), if the business furthers the development and  
18 refinement of intellectual property, a patent or a copyright into a  
19 commercial 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 benefits the business  
35 provides to its employees in this State will meet with minimum  
36 requirements established by the Commission by regulation pursuant  
37 to subsection 8.

38 *(h) In lieu of meeting the requirements of paragraph (d), (e),*  
39 *(f) or (g), the business meets the following requirements:*

40 *(1) The business makes a capital investment of at least*  
41 *\$500,000 in a research program at the University of Nevada,*  
42 *Reno, or the University of Nevada, Las Vegas, to be used in*  
43 *support of research related to the field of endeavor of the business.*

44 *(2) The business will employ 15 or more full-time*  
45 *employees for the duration of the abatement.*



1           (3) *The business will employ two or more graduate students*  
2 *from the university research program on a part-time basis for the*  
3 *duration of the abatement.*

4           (4) *The average hourly wage that will be paid by the*  
5 *business to its employees in this State is at least 125 percent of the*  
6 *average statewide hourly wage as established by the Employment*  
7 *Security Division of the Department of Employment, Training and*  
8 *Rehabilitation on July 1 of each fiscal year and:*

9           (I) *The business will provide a health insurance plan for*  
10 *all 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 benefits the business*  
13 *provides to its employees in this State will meet the minimum*  
14 *requirements for benefits established by the Commission by*  
15 *regulation pursuant to subsection 8.*

16           (5) *The business does not receive:*

17           (I) *Any funding from a governmental entity, other than*  
18 *any private activity bonds as defined in 26 U.S.C. § 141; or*

19           (II) *Any real or personal property from a governmental*  
20 *entity at no cost or at a reduced cost.*

21           (6) *The business will submit to the Department the reports*  
22 *required by paragraph (c) of subsection 1 of NRS 218D.355.*

23           (7) *The business submits with its application for a partial*  
24 *abatement:*

25           (I) *A letter of support from the University at which the*  
26 *research program operates, which is signed by the President of the*  
27 *University and the director or chair of the research program or*  
28 *the appropriate department and which includes, without*  
29 *limitation, a summary of the financial and other resources the*  
30 *business will provide to the research program; and*

31           (II) *A letter of support which is signed by the chair of*  
32 *the board of directors of the regional economic development*  
33 *authority within whose jurisdiction the University is located and*  
34 *which includes, without limitation, a summary of the role the*  
35 *business will play in diversifying the economy and, if applicable,*  
36 *in achieving the broader goals of the regional economic*  
37 *development authority for economic development and*  
38 *diversification.*

39           ↪ *Any partial abatement which is approved for a business that*  
40 *meets the requirements of this paragraph does not apply to any*  
41 *taxes imposed pursuant to chapter 374 of NRS and must not*  
42 *exceed a term of 5 years.*

43           3. Notwithstanding the provisions of subsection 2, the  
44 Commission on Economic Development:



1 (a) Shall not consider an application for a partial abatement  
2 unless the Commission has requested a letter of acknowledgment of  
3 the request for the abatement from any affected county, school  
4 district, city or town.

5 (b) May, if the Commission determines that such action is  
6 necessary:

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

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

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

14 4. If the Commission on Economic Development approves an  
15 application for a partial abatement, the Commission shall  
16 immediately forward a certificate of eligibility for the abatement to:

17 (a) The Department;

18 (b) The Nevada Tax Commission; and

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

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

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

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

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

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



1 7. A county treasurer:

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

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

8 8. The Commission on Economic Development:

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

13 (b) May adopt such other regulations as the Commission on  
14 Economic Development determines to be necessary to carry out the  
15 provisions of this section and NRS 360.755.

16 9. The Nevada Tax Commission:

17 (a) Shall adopt regulations regarding:

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

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

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

26 10. An applicant for an abatement who is aggrieved by a final  
27 decision of the Commission on Economic Development may  
28 petition for judicial review in the manner provided in chapter 233B  
29 of NRS.

30 **Sec. 3.** 1. The amendatory provisions of this act apply only  
31 to an abatement from taxation applied for on or after July 1, 2011.

32 2. Notwithstanding the amendatory provisions of section 2 of  
33 this act, no person is entitled to any partial abatement of taxes  
34 pursuant to those amendatory provisions after June 30, 2021.

35 **Sec. 4.** This act becomes effective on July 1, 2011, and expires  
36 by limitation on June 30, 2021.



