

## Amendment No. 1

Senate Amendment to Senate Bill No. 1

(BDR 32-14)

Proposed by: Senate Committee of the Whole

Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: No

ASSEMBLY ACTION			Initial and Date	SENATE ACTION			Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/> _____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/> _____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/> _____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/> _____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/> _____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/> _____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold underlining* is newly added transitory language.

MSN/BJE



Date: 9/11/2014

S.B. No. 1—Revises provisions relating to commerce. (BDR 32-14)



## SENATE BILL NO. 1—COMMITTEE OF THE WHOLE

SEPTEMBER 10, 2014

## Referred to Committee of the Whole

SUMMARY—Revises provisions relating to commerce.  
(BDR 32-14)

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.

AN ACT relating to commerce; authorizing a lead participant, on behalf of one or more participants in a project who undertake a common purpose or business endeavor in this State, to apply to the Office of Economic Development for the issuance of transferable tax credits and the abatement of employer excise taxes and certain property taxes and local sales and use taxes; providing that eligibility for such economic development incentives, in part, requires the participants in a qualified project collectively to invest at least \$3.5 billion in this State within the 10-year period immediately following the approval of the application; authorizing the Office to approve and issue a certificate of transferable tax credits to the lead participant in a qualified project; providing for the calculation of the amount of the transferable tax credits; requiring the lead participant in a qualified project to return any portion of transferable tax credits or abatements of taxes to which the lead participant is not entitled; requiring the Office to prepare and submit to the Legislature certain reports relating to the economic development incentives provided to qualified projects; authorizing the governing body of a city or county to grant abatements of certain permitting and licensing fees imposed or charged by the city or county; authorizing under certain circumstances the pledge of certain sales and use tax proceeds for certain districts for the promotion of economic diversification; revising provisions relating to the issuance of transferable tax credits to a producer who produces a qualified film or other production in this State; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Sections 2-17 of this bill authorize the Office of Economic Development to approve applications for abatements of certain taxes and the issuance of transferable tax credits submitted by the lead participant engaged in a qualified project with other participants for a

common purpose or business endeavor and which is located within the geographic boundaries of a single project site in this State. **Section 11** authorizes the lead participant in a project to, on behalf of the project, apply to the Office for these economic development incentives. **Section 12** requires the Office to approve such an application for a qualified project if, in addition to certain other requirements: (1) the project would promote the economic development of this State and aid the implementation of the State Plan for Economic Development; (2) the participants in the project agree collectively to make a total new capital investment in this State of at least \$3.5 billion during the 10-year period immediately following approval of the application; and (3) at least 50 percent of the employees engaged in the construction of the project and 50 percent of the employees employed at the project are residents of Nevada. **Section 12** further provides that any action by the Office concerning an application must be taken at a public meeting.

Upon approval of an application, **section 13** requires the Office to issue to the lead participant in the qualified project a certificate of eligibility for transferable tax credits. **Section 13** provides that a project is eligible for transferable tax credits: (1) in the amount of \$12,500 for each qualified employee employed by the participants in the project; (2) in the amount of 5 percent of the first \$1 billion of new capital investment in this State made collectively by the participants in the qualified project; and (3) in the amount of 2.8 percent of the next \$2.5 billion of new capital investment in this State made collectively by the participants in the qualified project. **Section 13** also sets forth the criteria for determining whether an employee is a qualified employee. **Section 14** sets forth limitations on the amount of transferable tax credits which may be approved in any fiscal year and provides that the total amount of transferable tax credits which may be approved pursuant to this bill must not exceed \$195,000,000. **Section 14** also prohibits the Office from approving any applications for transferable tax credits for any fiscal year beginning on or after July 1, 2022.

**Section 11** provides that the transferable tax credits may be applied to: (1) the excise tax on banks and payroll taxes imposed by chapters 363A and 363B of NRS; (2) the gaming license fees imposed by the provisions of NRS 463.370; (3) the general tax on insurance premiums imposed by chapter 680B of NRS; or (4) any combination of such taxes and fees. Additionally, **section 11** requires that the lead participant in a qualified project annually provide the Office with an audit of the qualified project that is certified by an independent certified public accountant in this State who is approved by the Office.

If the Office approves an application, **section 15** provides that the lead participant in the qualified project is entitled to the abatement of property taxes and employer excise taxes for a period of not more than 10 years after the date on which the application is submitted and in an amount equal to the property taxes and employer excise taxes that would otherwise be owed for the qualified project. Additionally, **section 15** provides that the lead participant is entitled to the abatement of certain local sales and use taxes for a period of not more than 20 years and in an amount equal to those local sales and use taxes that would otherwise be owed in the county in which the qualified project is located.

**Section 16** requires the lead participant in a qualified project to repay any portion of transferable tax credits and any portion of an abatement to which the lead participant is not entitled if the Office determines that the lead participant becomes ineligible for the incentives. **Section 17** requires the Office to make and submit to the Legislature certain reports concerning any economic development incentives provided to a qualified project pursuant to **sections 2-17**. **Section 17** also requires the Office to, upon request, make available to the Legislature any information concerning a qualified project or a participant in a qualified project.

**Section 18** of this bill authorizes the governing body of a city or county to grant to one or more participants in a qualified project an abatement of all or any percentage of the amount of certain permitting fees and licensing fees imposed by the city or county if the governing body provides by ordinance for a pilot project for the abatement of such fees. **Section 18** also requires each local government that grants such an abatement to make and submit to the Legislature annual reports concerning the abatements.

Existing law authorizes a producer that produces a film, television or other media production in this State to apply, on or before December 31, 2017, to the Office for a certificate of transferable tax credits. (NRS 360.759) **Section 21** of this bill revises from \$80,000,000 to \$10,000,000 the cumulative amount of such transferable tax credits which the Office may approve pursuant to NRS 360.759.

**Sections 25-36** of this bill authorize the governing body of a county or city in which a qualified project is or is expected to be located to create an economic diversification district that includes within its boundaries the qualified project. Under **section 31**, a governing body which creates such an economic diversification district may pledge an amount equal to the proceeds of all sales and use taxes imposed on or owed by each participant in the qualified project with regard to tangible personal property purchased in the county or city for use in the district, or stored, used or otherwise consumed in the district by a participant, during a fiscal year, other than any local sales and use taxes for which the lead participant is receiving an abatement. Such money would be pledged to the purposes authorized by **section 33** and set forth in the agreement entered into by the county or city pursuant to that section. **Section 32** requires a governing body which adopts an ordinance creating an economic diversification district and the Department of Taxation to enter into an agreement specifying the dates and procedures for the distribution to the county or city of the money pledged for use in the economic diversification district. **Section 33** authorizes the county or city to enter into an agreement, which must terminate after a period of not more than 20 years, with the lead participant in the qualified project located in the district for the cost of acquiring, improving or equipping, or any combination, the qualified project. **Section 35** authorizes the governing body of the county or city to enter into an agreement with one or more owners of any interest in property in the district for the payment of amounts to defray, in whole or in part, the costs of local governmental services provided to the district.

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

**Section 1.** Chapter 360 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 18, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 18, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 10, inclusive, of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** *“Capital investment” means all costs and expenses incurred by the participants in a qualified project in connection with the acquisition, construction, installation and equipping of the qualified project.*

**Sec. 4.** *“Employer excise taxes” means the taxes imposed on the wages paid by an employer pursuant to chapter 363A or 363B of NRS.*

**Sec. 5.** *“Lead participant” means the participant designated by the participants in a project as the lead participant in an application submitted pursuant to section 11 of this act.*

**Sec. 6.** *“Local sales and use taxes” means only the taxes imposed pursuant to chapters 374 and 377 of NRS on the gross receipts of any retailer from the sale of tangible personal property sold at retail, or stored, used or otherwise consumed, in the county in which the qualified project is located. The term does not include the taxes imposed by the Sales and Use Tax Act.*

**Sec. 7.** *“Participant” means a business which operates within the geographic boundaries of a project site and which contributes to or participates in the project.*

**Sec. 8.** *“Project” means a project undertaken by a business or group of businesses:*

*1. Located within the geographic boundaries of a single project site in this State; and*

*2. Engaged in a common purpose or business endeavor.*

**Sec. 9.** *“Property taxes” means any taxes levied by the State or a local government pursuant to the provisions of chapter 361 of NRS.*

1        **Sec. 10.** *“Qualified project” means a project which the Office of Economic*  
2 *Development determines meets all the requirements set forth in subsections 2, 3*  
3 *and 4 of section 11 of this act.*

4        **Sec. 11.** *1. On behalf of a project, the lead participant in the project may*  
5 *apply to the Office of Economic Development for:*

6        *(a) A certificate of eligibility for transferable tax credits which may be*  
7 *applied to:*

- 8            *(1) Any tax imposed by chapters 363A and 363B of NRS;*  
9            *(2) The gaming license fees imposed by the provisions of NRS 463.370;*  
10            *(3) Any tax imposed by chapter 680B of NRS; or*  
11            *(4) Any combination of the fees and taxes described in subparagraphs*  
12 *(1), (2) and (3).*

13        *(b) An abatement of property taxes, employer excise taxes or local sales and*  
14 *use taxes, or any combination of any of those taxes.*

15        *2. For a project to be eligible for the transferable tax credits described in*  
16 *paragraph (a) of subsection 1 and abatement of the taxes described in paragraph*  
17 *(b) of subsection 1, the lead participant in the project must, on behalf of the*  
18 *project:*

19        *(a) Submit an application that meets the requirements of subsection 3;*

20        *(b) Provide documentation satisfactory to the Office that approval of the*  
21 *application would promote the economic development of this State and aid the*  
22 *implementation of the State Plan for Economic Development developed by the*  
23 *Executive Director of the Office pursuant to subsection 2 of NRS 231.053;*

24        *(c) Provide documentation satisfactory to the Office that the participants in*  
25 *the project collectively will make a total new capital investment of at least \$3.5*  
26 *billion in this State within the 10-year period immediately following approval of*  
27 *the application;*

28        *(d) Provide documentation satisfactory to the Office that the participants in*  
29 *the project are engaged in a common purpose or business endeavor;*

30        *(e) Provide documentation satisfactory to the Office that the place of*  
31 *business of each participant is or will be located within the geographic*  
32 *boundaries of the project site;*

33        *(f) Provide documentation satisfactory to the Office that each participant in*  
34 *the project is registered pursuant to the laws of this State or commits to obtaining*  
35 *a valid business license and all other permits required by the county, city or town*  
36 *in which the project operates;*

37        *(g) Provide documentation satisfactory to the Office of the number of*  
38 *employees engaged or anticipated to be engaged in the construction of the*  
39 *project;*

40        *(h) Provide documentation satisfactory to the Office of the number of*  
41 *qualified employees employed or anticipated to be employed at the project by the*  
42 *participants;*

43        *(i) Provide documentation satisfactory to the Office that each employer*  
44 *engaged in the construction of the project provides a plan of health insurance*  
45 *and that each employee engaged in the construction of the project is offered*  
46 *coverage under the plan of health insurance provided by his or her employer;*

47        *(j) Provide documentation satisfactory to the Office that each participant in*  
48 *the project provides a plan of health insurance and that each employee employed*  
49 *at the project by each participant is offered coverage under the plan of health*  
50 *insurance provided by his or her employer;*

51        *(k) Provide documentation satisfactory to the Office that at least 50 percent*  
52 *of the employees engaged or anticipated to be engaged in construction of the*  
53 *project and 50 percent of the employees employed at the project are residents of*

Nevada, unless waived by the Executive Director of the Office upon proof satisfactory to the Executive Director of the Office that there is an insufficient number of Nevada residents available and qualified for such employment;

~~[(6)]~~ (l) Agree to provide the Office with a full compliance audit of the participants in the project at the end of each fiscal year which:

(1) Shows the amount of money invested in this State by each participant in the project;

(2) Shows the number of employees engaged in the construction of the project and the number of those employees who are residents of Nevada;

(3) Shows the number of employees employed at the project by each participant and the number of those employees who are residents of Nevada; and

(4) Is certified by an independent certified public accountant in this State who is approved by the Office;

~~[(4)]~~ (m) Pay the cost of the audit required by paragraph ~~[(6)]~~ (l); and

~~[(6)]~~ (n) Meet any other requirements prescribed by the Office.

3. An application submitted pursuant to subsection 2 must include:

(a) A detailed description of the project, including a description of the common purpose or business endeavor in which the participants in the project are engaged;

(b) A detailed description of the location of the project, including a precise description of the geographic boundaries of the project site;

(c) The name and business address of each participant in the project, which must be an address in this State;

(d) A detailed description of the plan by which the participants in the project intend to comply with the requirement that the participants collectively make a total new capital investment of at least \$3.5 billion in this State in the 10-year period immediately following approval of the application;

(e) If the application includes one or more abatements, an agreement executed by the Office with the lead participant in the project which:

(1) Complies with the requirements of NRS 360.755;

(2) States that the project will, after the date on which a certificate of eligibility for the abatement is approved pursuant to section 15 of this act, continue in operation in this State for a period specified by the Office; and

(3) Binds successors in interest of the lead participant for the specified period; and

(f) Any other information required by the Office.

4. For an employee to be considered a resident of Nevada for the purposes of this section, each participant in the project must maintain the following documents in the personnel file of the employee:

(a) A copy of the current and valid Nevada driver's license of the employee or a current and valid identification card for the employee issued by the Department of Motor Vehicles;

(b) If the employee is a registered owner of one or more motor vehicles in Nevada, a copy of the current motor vehicle registration of at least one of those vehicles;

(c) Proof that the employee is employed full-time and scheduled to work for an average minimum of 30 hours per week; and

(d) Proof that the employee is ~~eligible for~~ offered coverage under a plan ~~for~~ of health insurance ~~is~~ provided by his or her employer.

5. For the purpose of obtaining from the Executive Director of the Office any waiver of the requirement set forth in paragraph ~~[(6)]~~ (k) of subsection 2, the lead participant in the project must submit to the Executive Director of the Office written documentation of the efforts to meet the requirement and documented

1 *proof that an insufficient number of Nevada residents is available and qualified*  
2 *for employment.*

3 6. The Executive Director of the Office of shall make available to the public  
4 and post on the Internet website for the Office:

5 (a) Any request for a waiver of the requirements set forth in paragraph (k) of  
6 subsection 2; and

7 (b) Any approval of such a request for a waiver that is granted by the  
8 Executive Director of the Office.

9 7. The Executive Director of the Office shall post a request for a waiver of  
10 the requirements set forth in paragraph (k) of subsection 2 on the Internet  
11 website of the Office within 3 days after receiving the request and shall keep the  
12 request posted on the Internet website for not less than 5 days. The Executive  
13 Director of the Office shall ensure that the Internet website allows members of  
14 the public to post comments regarding the request.

15 8. The Executive Director of the Office shall consider any comments posted  
16 on the Internet website concerning any request for a waiver of the requirements  
17 set forth in paragraph (k) of subsection 2 before making a decision regarding  
18 whether to approve the request. If the Executive Director of the Office approves  
19 the request for a waiver, the Executive Director of the Office must post the  
20 approval on the Internet website of the Office within 3 days and ensure that the  
21 Internet website allows members of the public to post comments regarding the  
22 approval.

23 **Sec. 12. 1. If the Office of Economic Development receives an application**  
24 **pursuant to section 11 of this act, the Office:**

25 **(a) Shall not consider the application unless the Office has requested a letter**  
26 **of acknowledgment of the request for an abatement from any county, school**  
27 **district, city or town which the Office determines may experience a direct**  
28 **economic effect as a result of the abatement.**

29 **(b) Shall not take any action on the application unless the Office takes that**  
30 **action at a public meeting conducted for that purpose.**

31 **(c) Shall, at least 30 days before any public meeting conducted for the**  
32 **purpose of taking any action on the application, provide notice of the application**  
33 **and the date, time and location of the public meeting at which the Office will**  
34 **consider the application to:**

35 **(1) Each participant in the project;**

36 **(2) The Department;**

37 **(3) The State Gaming Control Board;**

38 **(4) The governing body of the county, the board of trustees of the school**  
39 **district and the governing body of the city or town, if any, in which the project**  
40 **will be located;**

41 **(5) The governing body of any other political subdivision that the Office**  
42 **determines could experience a direct economic effect as a result of the**  
43 **abatement; and**

44 **(6) The general public.**

45 **2. The date of the public meeting to consider an application submitted**  
46 **pursuant to section 11 of this act must be not later than 60 days after the date on**  
47 **which the Office receives the completed application.**

48 **3. The Office shall approve an application submitted pursuant to section 11**  
49 **of this act if the Office finds that the project is a qualified project. The Office**  
50 **shall issue a decision on the application not later than 30 days after the**  
51 **conclusion of the public meeting on the application.**

52 **4. The lead participant in a qualified project shall submit all accountings**  
53 **and other required information to the Office and the Department not later than**

30 days after a date specified in the decision issued by the Office. If the Office or the Department determines that information submitted pursuant to this subsection is incomplete, the lead participant shall, not later than 30 days after receiving notice that the information is incomplete, provide to the Office or the Department, as applicable, all additional information required by the Office or the Department.

5. Until the Office of Economic Development provides notice of the application and the public meeting pursuant to paragraph (c) of subsection 1, the information contained in the application provided to the Office of Economic Development:

- (a) Is confidential proprietary information of the business;
- (b) Is not a public record; and
- (c) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the lead participant consents to the disclosure.

6. After the Office provides notice of the application and the public meeting pursuant to paragraph (c) of subsection 1:

- (a) The application is a public record; and
- (b) Upon request by any person, the Executive Director of the Office shall disclose the application to the person who made the request, except for any information in the application that is protected from disclosure pursuant to subsection 7.

7. Before the Executive Director of the Office discloses the application to the public, the lead participant may submit a request to the Executive Director of the Office to protect from disclosure any information in the application which, under generally accepted business practices, would be considered a trade secret or other confidential proprietary information of the business. After consulting with the business, the Executive Director of the Office shall determine whether to protect the information from disclosure. The decision of the Executive Director of the Office is final and is not subject to judicial review. If the Executive Director of the Office determines to protect the information from disclosure, the protected information:

- (a) Is confidential proprietary information of the business;
- (b) Is not a public record;
- (c) Must be redacted by the Executive Director of the Office from any copy of the application that is disclosed to the public; and
- (d) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the lead participant consents to the disclosure.

Sec. 13. 1. If the Office of Economic Development approves an application for a certificate of eligibility for transferable tax credits submitted pursuant to paragraph (a) of subsection 1 of section 11 of this act, the Office shall immediately forward a copy of the certificate of eligibility which identifies the estimated amount of the tax credits available pursuant to this section to:

- (a) The lead participant in the qualified project;
- (b) The Department; and
- (c) The State Gaming Control Board.

2. Within 14 business days after receipt of an audit provided by the lead participant in the qualified project pursuant to paragraph ~~(6)~~ (1) of subsection 2 of section 11 of this act and any other accountings or other information required by the Office, the Office shall determine whether to certify the audit and make a final determination of whether a certificate of transferable tax credits will be issued. If the Office certifies the audit and determines that all other requirements



1 for the transferable tax credits have been met, the Office shall notify the lead  
2 participant in the qualified project that the transferable tax credits will be issued.  
3 Within 30 days after the receipt of the notice, the lead participant in the qualified  
4 project shall make an irrevocable declaration of the amount of transferable tax  
5 credits that will be applied to each fee or tax set forth in subparagraphs (1), (2)  
6 and (3) of paragraph (a) of subsection 1 of section 11 of this act, thereby  
7 accounting for all of the credits which will be issued. Upon receipt of the  
8 declaration, the Office shall issue to the lead participant a certificate of  
9 transferable tax credits in the amount approved by the Office for the fees or taxes  
10 included in the declaration. The lead participant shall notify the Department  
11 upon transferring any of the transferable tax credits. The Office shall notify the  
12 Department and the State Gaming Control Board of all transferable tax credits  
13 issued, segregated by each fee or tax set forth in subparagraphs (1), (2) and (3) of  
14 paragraph (a) of subsection 1 of section 11 of this act. The Department shall  
15 notify the Office and the State Gaming Control Board of the amount of any  
16 transferable tax credits transferred.

17 3. A qualified project may be approved for a certificate of eligibility for  
18 transferable tax credits:

19 (a) In the amount of \$12,500 for each qualified employee, up to a maximum  
20 of 6,000 qualified employees.

21 (b) In an amount equal to 5 percent of the first \$1 billion of new capital  
22 investment in this State made collectively by the participants in the qualified  
23 project.

24 (c) In an amount equal to 2.8 percent of the next \$2.5 billion of new capital  
25 investment in this State made collectively by the participants in the qualified  
26 project.

27 4. For the purpose of computing the amount of transferable tax credits for  
28 which a qualified project is eligible pursuant to paragraph (a) of subsection 3:

29 (a) Each qualified employee must be:

30 (1) Employed by a participant at the site of the qualified project.

31 (2) Employed full-time and scheduled to work for an average minimum  
32 of 30 hours per week.

33 (3) Employed for at least the last 3 consecutive months of the fiscal year.

34 (4) ~~Eligible for~~ Offered coverage under a plan ~~for~~ of health insurance  
35 ~~provided by his or her employer.~~

36 (b) The wages for federal income tax purposes reported or required to be  
37 reported on Form W-2 of the qualified employees of the qualified project must be  
38 paid at an average rate of \$22 per hour.

39 (c) An employee engaged solely in the construction of the qualified project is  
40 deemed not to be a qualified employee.

41 Sec. 14. 1. Except as otherwise provided in this section, the Office of  
42 Economic Development shall not approve transferable tax credits:

43 (a) For Fiscal Year 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-  
44 2020, 2020-2021 or 2021-2022, if approval of the transferable tax credits would  
45 cause the total amount of transferable tax credits issued pursuant to sections 2 to  
46 17, inclusive, of this act in that Fiscal Year to exceed \$45,000,000.

47 (b) For a fiscal year beginning on or after July 1, 2022.

48 2. The total amount of transferable tax credits issued pursuant to sections 2  
49 to 17, inclusive, of this act to all qualified projects in this State must not exceed  
50 \$195,000,000.

51 3. If in any fiscal year the Office does not approve an amount of  
52 transferable tax credits equal to the total amount authorized by paragraph (a) or  
53 (b) of subsection 1, the remaining amount of transferable tax credits must be

carried forward and made available for approval during subsequent fiscal years ending on or before June 30, 2022.

4. Each transferable tax credit issued pursuant to sections 2 to 17, inclusive, of this act expires 4 years after the date on which the transferable tax credit is issued to the lead participant. A transferable tax credit issued pursuant to sections 2 to 17, inclusive, of this act may be transferred only once.

Sec. 15. 1. If the Office of Economic Development approves an application for an abatement of property taxes, employer excise taxes or local sales and use taxes submitted pursuant to paragraph (b) of subsection 1 of section 11 of this act, the Office shall immediately forward a certificate of eligibility for the abatement of the taxes described in that paragraph to:

(a) The Department;

(b) The Nevada Tax Commission; and

(c) The county treasurer of the county in which the qualified project will be located.

2. The abatement for the lead participant in the qualified project must:

(a) For property taxes, be for a duration of not more than 10 years after the date on which the application is submitted and in an amount that equals the amount of the property taxes that would otherwise be owed by each participant for the qualified project;

(b) For employer excise taxes, be for a duration of not more than 10 years after the date on which the application is submitted and in an amount that equals the amount of the employer excise taxes that would otherwise be owed by each participant for employees employed by the participant for the qualified project; and

(c) For local sales and use tax, be for a duration of not more than 20 years after the date on which the application is submitted and in an amount that equals the amount of the local sales and use taxes that would otherwise be owed by each participant in the qualified project.

3. If the Office approves an abatement of local sales and use taxes, the Office shall issue to the lead participant in the qualified project a document certifying the abatement which can be presented to retailers at the time of sale. The document must clearly state the rate of sales and use taxes which the purchaser is required to pay in the county in which the abatement is effective.

Sec. 16. 1. The lead participant in a qualified project shall, upon the request of the Office of Economic Development, furnish the Office with copies of all records necessary to verify that the qualified project meets the eligibility requirements for any transferable tax credits issued pursuant to section 13 of this act and the abatement of any taxes pursuant to section 15 of this act.

2. The lead participant shall repay to the Department or the State Gaming Control Board, as applicable, any portion of the transferable tax credits to which the lead participant is not entitled if:

(a) The participants in the qualified project collectively fail to make the investment in this State necessary to support the determination by the Executive Director of the Office of Economic Development that the project is a qualified project;

(b) The participants in the qualified project collectively fail to employ the number of qualified employees identified in the certificate of eligibility approved for the qualified project;

(c) The lead participant submits any false statement, representation or certification in any document submitted for the purpose of obtaining transferable tax credits; or

1       (d) *The lead participant otherwise becomes ineligible for transferable tax*  
2 *credits after receiving the transferable tax credits pursuant to sections 2 to 17,*  
3 *inclusive, of this act.*

4       3. *Transferable tax credits purchased in good faith are not subject to*  
5 *forfeiture unless the transferee submitted fraudulent information in connection*  
6 *with the purchase.*

7       4. *Notwithstanding any provision of this chapter or chapter 361 of NRS, if*  
8 *the lead participant in a qualified project for which an abatement has been*  
9 *approved pursuant to section 15 of this act and is in effect:*

10       (a) *Fails to meet the requirements for eligibility pursuant to that section; or*

11       (b) *Ceases operation before the time specified in the agreement described in*  
12 *paragraph (e) of subsection 3 of section 11 of this act,*

13       ↳ *the lead participant shall repay to the Department or, if the abatement is from*  
14 *the property tax imposed by chapter 361 of NRS, to the appropriate county*  
15 *treasurer, the amount of the abatement that was allowed to the lead participant*  
16 *pursuant to section 15 of this act before the failure of the lead participant to meet*  
17 *the requirements for eligibility. Except as otherwise provided in NRS 360.232 and*  
18 *360.320, the lead participant shall, in addition to the amount of the abatement*  
19 *required to be repaid by the lead participant pursuant to this subsection, pay*  
20 *interest on the amount due from the lead participant at the rate most recently*  
21 *established pursuant to NRS 99.040 for each month, or portion thereof, from the*  
22 *last day of the month following the period for which the payment would have*  
23 *been made had the abatement not been approved until the date of payment of the*  
24 *tax.*

25       5. *The Secretary of State may, upon application by the Executive Director*  
26 *of the Office, revoke or suspend the state business license of the lead participant*  
27 *in a qualified project which is required to repay any portion of transferable tax*  
28 *credits pursuant to subsection 2 or the amount of any abatement pursuant to*  
29 *subsection 4 and which the Office determines is not in compliance with the*  
30 *provisions of this section governing repayment. If the state business license of the*  
31 *lead participant in a qualified project is suspended or revoked pursuant to this*  
32 *subsection, the Secretary of State shall provide written notice of the action to the*  
33 *lead participant. The Secretary of State shall not reinstate a state business license*  
34 *suspended pursuant to this subsection or issue a new state business license to the*  
35 *lead participant whose state business license has been revoked pursuant to this*  
36 *subsection unless the Executive Director of the Office provides proof satisfactory*  
37 *to the Secretary of State that the lead participant is in compliance with the*  
38 *requirements of this section governing repayment.*

39       Sec. 17. 1. *The Office of Economic Development shall, on or before*  
40 *October 1 of each year, prepare and submit to the Governor and to the Director*  
41 *of the Legislative Counsel Bureau for transmittal to the Legislature an annual*  
42 *report which includes:*

43       (a) *For the immediately preceding fiscal year:*

44       (1) *The number of applications submitted pursuant to section 11 of this*  
45 *act;*

46       (2) *The number of qualified projects for which an application was*  
47 *approved;*

48       (3) *The amount of transferable tax credits approved;*

49       (4) *The amount of transferable tax credits used;*

50       (5) *The amount of transferable tax credits transferred;*

51       (6) *The amount of transferable tax credits taken against each allowable*  
52 *fee or tax, including the actual amount used and outstanding, in total and for*  
53 *each qualified project;*

1       (7) *The number of abatements approved;*

2       (8) *The dollar amount of the abatements;*

3       (9) *The number of employees engaged in construction of each qualified*  
4 *project who are residents of Nevada and the number of employees employed by*  
5 *each participant in a qualified project who are residents of Nevada;*

6       (10) *The number of qualified employees employed by each participant in*  
7 *a qualified project and the total amount of wages paid to those persons; and*

8       (11) *For each qualified project, an assessment of whether the*  
9 *participants in the qualified project are making satisfactory progress towards*  
10 *meeting the investment requirements necessary to support the determination by*  
11 *the Office that the project is a qualified project.*

12       (b) *For each abatement from taxation that the Office approved during the*  
13 *fiscal years which are 3 fiscal years, 6 fiscal years, 10 fiscal years and 20 fiscal*  
14 *years immediately preceding the submission of the report:*

15       (1) *The dollar amount of the abatement;*

16       (2) *The value of infrastructure included as an incentive for the qualified*  
17 *project;*

18       (3) *The economic sector in which each participant in the qualified*  
19 *project operates, the number of primary jobs related to the qualified project, the*  
20 *average wage paid to employees employed by the participants in the qualified*  
21 *project and the assessed values of personal property and real property of the*  
22 *qualified project; and*

23       (4) *Any other information that the Office determines to be useful.*

24       2. *In addition to the annual reports required to be prepared and submitted*  
25 *pursuant to subsection 1, for the period beginning on the effective date of this act*  
26 *and ending on July 1, 2016, the Office shall, not less frequently than every*  
27 *calendar quarter, prepare and submit to the Governor and the Director of the*  
28 *Legislative Counsel Bureau for transmittal to the Legislature a report which*  
29 *includes, for the immediately preceding calendar quarter:*

30       (a) *The dollar amount of the abatements approved for the lead participant in*  
31 *each qualified project;*

32       (b) *The number of employees engaged in construction of each qualified*  
33 *project who are residents of Nevada and the number of employees employed by*  
34 *each participant in each qualified project who are residents of Nevada;*

35       (c) *The number of qualified employees employed by each participant in each*  
36 *qualified project and the total amount of wages paid to those persons;*

37       (d) *For each qualified project an assessment of whether the participants in*  
38 *the qualified project are making satisfactory progress towards meeting the*  
39 *investment requirements necessary to support the determination by the Office*  
40 *that the project is a qualified project; and*

41       (e) *Any other information requested by the Legislature.*

42       3. *In addition to the reports required to be prepared and submitted pursuant*  
43 *to subsections 1 and 2, the Office shall, upon request, make available to the*  
44 *Legislature any information concerning a qualified project or any participant in*  
45 *a qualified project. The Office shall make available any information requested*  
46 *pursuant to this subsection within the period specified in the request.*

47       4. *The Office shall provide to the Fiscal Analysis Division of the Legislative*  
48 *Counsel Bureau a copy of any agreement entered into by the Office and the lead*  
49 *participant not later than 30 days after the agreement is executed.*

50       5. *Notwithstanding the provisions of any other specific statute, the*  
51 *information requested by the Legislature pursuant to this section may include*  
52 *information considered confidential for other purposes. If such confidential*  
53 *information is requested, the Office shall make the information available to the*

*Fiscal Analysis Division of the Legislative Counsel Bureau for confidential examination.*

**Sec. 18.** *1. For the purpose of encouraging local economic development, the governing body of a city or county in which a qualified project is located may grant to any participant in a qualified project an abatement of all or any percentage of the amount of any permitting fee or licensing fee which the local government is authorized to impose or charge pursuant to chapter 244 or 268 of NRS.*

*2. Before granting any abatement pursuant to subsection 1, the governing body of the city or county must provide by ordinance for a pilot project for granting abatements to participants in a qualified project.*

*3. A governing body of a city or county that grants an abatement pursuant to subsection 1 shall, on or before October 1 of each year in which such an abatement is granted, prepare and submit to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the Legislature an annual report which includes, for the immediately preceding fiscal year:*

*(a) The number of qualified projects located within the jurisdiction of the governing body for which a certificate of eligibility for transferable tax credits was approved;*

*(b) If applicable, the number and dollar amount of the abatements granted by the governing body pursuant to subsection 1; and*

*(c) The number of persons within the jurisdiction of the governing body that were employed by each participant in a qualified project and the amount of wages paid to those persons.*

**Sec. 19.** NRS 360.225 is hereby amended to read as follows:

360.225 1. During the course of an investigation undertaken pursuant to NRS 360.130 of a person claiming:

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

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

(c) A deferral of the payment of taxes on the sale of eligible property pursuant to NRS 372.397 or 374.402;

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

~~for~~ (e) A partial abatement of taxes pursuant to NRS 360.752 ~~to~~ ; or

(f) *An abatement of taxes pursuant to section 12 of this act,*

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

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

**Sec. 20.** NRS 360.755 is hereby amended to read as follows:

360.755 1. If the Office of Economic Development approves an application by a business for *an abatement of taxes pursuant to section 12 of this act or* a partial abatement pursuant to NRS 360.750 or 360.752, the agreement with the Office must provide that the business:

(a) Agrees to allow the Department to conduct audits of the business to determine whether the business is in *full* compliance with the requirements for the *abatement or* partial abatement; and

(b) Consents to the disclosure of the audit reports in the manner set forth in this section.

2. If the Department conducts an audit of the business to determine whether the business is in *full* compliance with the requirements for the *abatement or* partial abatement, the Department shall, upon request, provide the audit report to the Office of Economic Development.

3. Until the business has exhausted all appeals to the Department and the Nevada Tax Commission relating to the audit, the information contained in the audit report provided to the Office of Economic Development:

(a) Is confidential proprietary information of the business;

(b) Is not a public record; and

(c) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the business consents to the disclosure.

4. After the business has exhausted all appeals to the Department and the Nevada Tax Commission relating to the audit:

(a) The audit report provided to the Office of Economic Development is a public record; and

(b) Upon request by any person, the Executive Director of the Office of Economic Development shall disclose the audit report to the person who made the request, except for any information in the audit report that is protected from disclosure pursuant to subsection 5.

5. Before the Executive Director of the Office of Economic Development discloses the audit report to the public, the business may submit a request to the Executive Director to protect from disclosure any information in the audit report which, under generally accepted business practices, would be considered a trade secret or other confidential proprietary information of the business. After consulting with the business, the Executive Director shall determine whether to protect the information from disclosure. The decision of the Executive Director is final and is not subject to judicial review. If the Executive Director determines to protect the information from disclosure, the protected information:

(a) Is confidential proprietary information of the business;

(b) Is not a public record;

(c) Must be redacted by the Executive Director from any audit report that is disclosed to the public; and

(d) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the business consents to the disclosure.

**Sec. 21.** NRS 360.7594 is hereby amended to read as follows:

360.7594 1. Except as otherwise provided in this subsection, the Office of Economic Development shall not approve any application for transferable tax credits ~~that~~ *submitted pursuant to NRS 360.759:*

(a) If approval of the application would cause the total amount of transferable tax credits approved pursuant to NRS 360.759 ~~to exceed \$20,000,000. If the Office does not approve \$20,000,000 of transferable tax credits during any fiscal year, the remaining amount of transferable tax credits must be carried forward and made available for approval during the immediately following 2 fiscal years.~~ *\$10,000,000.*

(b) Received on or after January 1, 2018.

2. The transferable tax credits issued to any producer for any qualified production pursuant to NRS 360.759:

(a) Must not exceed a total amount of \$6,000,000; and

(b) Expire 4 years after the date on which the transferable tax credits are issued to the producer.

3. For the purposes of calculating qualified expenditures and production costs:

(a) The compensation payable to all producers who are Nevada residents must not exceed 10 percent of the portion of the total budget of the qualified production that was expended in or attributable to any expenses incurred in this State.

(b) The compensation payable to all producers who are not Nevada residents must not exceed 5 percent of the portion of the total budget of the qualified production that was expended in or attributable to any expenses incurred in this State.

(c) The compensation payable to any employee, independent contractor or any other person paid a wage or salary as compensation for providing labor services on the production of the qualified production must not exceed \$750,000.

**Sec. 22.** NRS 360.7598 is hereby amended to read as follows:

360.7598 The Office of Economic Development shall, on or before October 1 of each year, prepare and submit to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the Legislature an annual report which includes, for the immediately preceding fiscal year:

1. The number of applications submitted for transferable tax credits ~~+~~ *pursuant to NRS 360.759;*

2. The number of qualified productions for which transferable tax credits were approved;

3. The amount of transferable tax credits approved;

4. The amount of transferable tax credits used;

5. The amount of transferable tax credits transferred;

6. The amount of transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total and for each qualified production;

7. The total amount of the qualified expenses and production costs incurred by each qualified production and the portion of those expenses and costs that were incurred in Nevada;

8. The number of persons in Nevada employed by each qualified production and the amount of wages paid to those persons; and

9. The period during which each qualified production was in Nevada and employed persons in Nevada.

**Sec. 23.** NRS 218D.355 is hereby amended to read as follows:

218D.355 1. ~~Any~~ *Except as otherwise provided in section 15 of this act, any* state legislation enacted on or after July 1, 2012, which authorizes or requires the Office of Economic Development to approve any abatement of taxes or increases the amount of any abatement of taxes which the Office is authorized or required to approve:

(a) Expires by limitation 10 years after the effective date of that legislation.

(b) Does not apply to:

(1) Any taxes imposed pursuant to NRS 374.110 or 374.190; or

(2) Any entity that receives:

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

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

(c) Requires each recipient of the abatement to submit to the Department of Taxation, on or before the last day of each even-numbered year, a report on whether the recipient is in compliance with the terms of the abatement. The Department of Taxation shall establish a form for the report and may adopt such regulations as it determines to be appropriate to carry out this paragraph. The report must include, without limitation:

(1) The date the recipient commenced operation in this State;



(2) The number of employees actually employed by the recipient and the average hourly wage of those employees;

(3) An accounting of any fees paid by the recipient to the State and to local governmental entities;

(4) An accounting of the property taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;

(5) An accounting of the sales and use taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;

(6) An accounting of the total capital investment made in connection with the project to which the abatement applies; and

(7) An accounting of the total investment in personal property made in connection with the project to which the abatement applies.

2. On or before January 15 of each odd-numbered year, the Department of Taxation shall:

(a) Based upon the information submitted to the Department of Taxation pursuant to paragraph (c) of subsection 1, prepare a written report of its findings regarding whether the costs of the abatement exceed the benefits of the abatement; and

(b) Submit the report to the Director for transmittal to the Legislature.

**Sec. 24.** Title 22 of NRS is hereby amended by adding thereto a new chapter to consist of the provisions set forth as sections 25 to 36, inclusive, of this act.

**Sec. 25.** *As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 26 to 30, inclusive, of this act have the meanings ascribed to them in those sections.*

**Sec. 26.** *“District” means an economic diversification district created pursuant to section 31 of this act.*

**Sec. 27.** *“Lead participant” has the meaning ascribed to it in section 5 of this act.*

**Sec. 28.** *“Municipality” means any county or city in this State.*

**Sec. 29.** *“Participant” has the meaning ascribed to it in section 7 of this act.*

**Sec. 30.** *“Qualified project” has the meaning ascribed to it in section 10 of this act.*

**Sec. 31. 1.** *Except as otherwise provided in this section, if a qualified project is located within the jurisdiction of a municipality, the governing body of the municipality may:*

*(a) Create an economic diversification district for the purposes of carrying out this chapter by adopting an ordinance describing the boundaries of the district, which must be the geographic boundaries of the qualified project, and generally describing the purposes within the district for which money pledged pursuant to this chapter may be used; and*

*(b) For the purposes of carrying out paragraph (a), include in an ordinance adopted pursuant to that paragraph the pledge of an amount equal to the proceeds of all sales and use taxes imposed on or owed by each participant in the qualified project with regard to tangible personal property purchased in the municipality for use in the district, or stored, used or otherwise consumed in the district by the participant, during a fiscal year other than the amount of any local sales and use taxes for which the lead participant has received an abatement pursuant to an application approved by the Office of Economic Development pursuant to section 12 of this act.*

*2. The governing body of a municipality may not include in an ordinance adopted to create a district pursuant to paragraph (a) of subsection 1 on or after the effective date of this act, the pledge of any proceeds of the taxes imposed*



1 pursuant to NRS 374.110 and 374.190 with regard to tangible personal property  
2 sold at retail, or stored, used or otherwise consumed, if the governing body  
3 obtains an opinion from independent bond counsel stating that the applicability  
4 of this provision would impair an existing contract for the sale of bonds which  
5 were issued before the effective date of this act.

6 3. A district created pursuant to this section by:

7 (a) A city must be located entirely within the boundaries of that city.

8 (b) A county must be located entirely within the boundaries of that county  
9 and, when the district is created, entirely outside of the boundaries of any city.

10 Sec. 32. After the adoption of an ordinance pursuant to section 31 of this  
11 act, the governing body of the municipality and the Department of Taxation shall  
12 enter into an agreement specifying the dates and procedure for distribution to the  
13 municipality of any money pledged pursuant to section 31 of this act. The  
14 distributions must:

15 1. Be made not less frequently than monthly; and

16 2. Cease at the end of the fiscal year in which the 20th anniversary of the  
17 adoption of the ordinance creating the district occurs.

18 Sec. 33. 1. Except as otherwise provided in this section, if the governing  
19 body of a municipality adopts an ordinance pursuant to section 31 of this act, the  
20 municipality may enter into an agreement with the lead participant in the  
21 qualified project for the cost of acquiring, improving or equipping, or any  
22 combination thereof, the qualified project, which may contain such terms as are  
23 determined to be desirable by the governing body of the municipality, including  
24 the payment of reasonable interest and other financing costs for the qualified  
25 project. Any such reimbursements may be secured by a pledge of, and be payable  
26 from, any money pledged pursuant to section 31 of this act and received by the  
27 municipality with respect to the district. If such an agreement is entered into, the  
28 agreement must provide for the payment to the lead participant of the money  
29 pledged pursuant to section 31 of this act and received by the municipality not  
30 later than 15 days after the date on which such money is distributed to the  
31 municipality pursuant to section 32 of this act. An agreement entered into  
32 pursuant to this section is not subject to the limitations of subsection 1 of NRS  
33 354.626 and may, at the option of the governing body, be binding on the  
34 municipality beyond the fiscal year in which it was made, only if the agreement  
35 pertains solely to one or more participants in the qualified project.

36 2. No agreement entered into pursuant to this section may be secured by or  
37 payable from the general fund of the municipality, the power of the municipality  
38 to levy ad valorem property taxes, or any source other than any money pledged  
39 pursuant to section 31 of this act and received by the municipality with respect to  
40 the district, or any combination thereof. No bond, note or other agreement issued  
41 or entered into pursuant to this section may ever become a general obligation of  
42 the municipality or a charge against its general credit or taxing powers, nor may  
43 any such bond, note or other agreement become a debt of the municipality for  
44 purposes of any limitation on indebtedness.

45 3. Any agreement entered pursuant to this section must automatically  
46 terminate on or before the end of the fiscal year in which the 20th anniversary of  
47 the adoption of the ordinance creating the district occurs.

48 Sec. 34. On or before September 1 of each year, the governing body of a  
49 municipality that adopts an ordinance pursuant to section 31 of this act shall  
50 prepare and submit to the Director of the Legislative Counsel Bureau for  
51 submission to the Legislature, or to the Legislative Commission when the  
52 Legislature is not in regular session, an annual report containing:

1 *1. A statement of the status of the qualified project located or expected to be*  
2 *located in the district, and of any changes in that status since the last annual*  
3 *report.*

4 *2. An assessment of the financial impact of the district on the provision of*  
5 *local governmental services, including, without limitation, services for police*  
6 *protection and fire protection.*

7 **Sec. 35.** *The governing body of a municipality may enter into an agreement*  
8 *with one or more of the owners of any interest in property within a district,*  
9 *pursuant to which that owner would agree to make payments to the municipality*  
10 *or to another local government that provides services in the district, or to both, to*  
11 *defray, in whole or in part, the cost of local governmental services during the*  
12 *term of the use of any money pledged pursuant to section 31 of this act. Such an*  
13 *agreement must specify the amount to be paid by the owner of the property*  
14 *interest, which may be stated as a specified amount per year or as an amount*  
15 *based upon any formula upon which the municipality and owner agree.*

16 **Sec. 36.** *The governing body of a municipality:*

17 *1. Shall require the review of each claim submitted pursuant to any contract*  
18 *or other agreement made with the governing body to provide any financing or*  
19 *reimbursement pursuant to section 33 of this act, by an independent auditor.*

20 *2. Shall not provide any financing or reimbursement pursuant to section 33*  
21 *of this act from the proceeds of the taxes described in subsection 2 of section 31*  
22 *of this act, if the governing body obtains an opinion from independent bond*  
23 *counsel stating that the applicability of this subsection would impair an existing*  
24 *contract for the sale of bonds that were issued before the effective date of this act.*

25 **Sec. 37.** NRS 353.207 is hereby amended to read as follows:

26 353.207 1. The Chief shall:

27 (a) Require the Office of Economic Development and the Office of Energy  
28 each periodically to conduct an analysis of the relative costs and benefits of each  
29 incentive for economic development previously approved by the respective office  
30 and in effect during the immediately preceding 2 fiscal years, including, without  
31 limitation, any abatement of taxes approved by the Office of Economic  
32 Development pursuant to NRS 274.310, 274.320, 274.330, 360.750, 360.752,  
33 361.0687, 374.357 or 701A.210, *or section 12 of this act*, to assist the Governor  
34 and the Legislature in determining whether the economic benefits of the incentive  
35 have accomplished the purposes of the statute pursuant to which the incentive was  
36 approved and warrant additional incentives of that kind;

37 (b) Require each office to report in writing to the Chief the results of the  
38 analysis conducted by the office pursuant to paragraph (a); and

39 (c) Establish a schedule for performing and reporting the results of the analysis  
40 required by paragraph (a) which ensures that the results of the analysis reported by  
41 each office are included in the proposed budget prepared pursuant to NRS 353.205,  
42 as required by that section.

43 2. Each report prepared for the Chief pursuant to this section is a public  
44 record and is open to inspection pursuant to the provisions of NRS 239.010.

45 **Sec. 38.** Notwithstanding the provisions of NRS 231.0695, for the purpose of  
46 any abatement of taxes authorized by section 11 of this act, the Office of Economic  
47 Development shall be deemed to have approved the abatement pursuant to section  
48 12 of this act upon approval by the Executive Director of the Office of Economic  
49 Development.

50 **Sec. 39.** The Executive Director of the Office of Economic Development, the  
51 Nevada Gaming Commission and the Nevada Tax Commission may each adopt  
52 such regulations as are respectively required to implement the provisions of  
53 sections 2 to 18, inclusive, of this act.

1       **Sec. 40.** The Legislature hereby finds that each abatement provided by this  
2 act from any ad valorem tax on property or excise tax on the sale, storage, use or  
3 other consumption of tangible personal property sold at retail:

4       1. Will achieve a bona fide social or economic purpose and the benefits of the  
5 abatement are expected to exceed any adverse effect of the abatement on the  
6 provision of services to the public by the State or a local government that would  
7 otherwise receive revenue from the tax from which the abatement would be  
8 granted; and

9       2. Will not impair adversely the ability of the State or a local government to  
10 pay, when due, all interest and principal on any outstanding bonds or any other  
11 obligations for which revenue from the tax from which the abatement would be  
12 granted was pledged.

13       **Sec. 41.** 1. This act becomes effective upon passage and approval.

14       2. Section 38 of this act expires by limitation on December 31, 2014.

15       3. Sections 21 and 22 of this act expire by limitation on June 30, 2023.

16       4. Sections 2 to 20, inclusive, 23 to 37, inclusive, 39 and 40 of this act expire  
17 by limitation on June 30, 2036.