

ASSEMBLY BILL NO. 434—ASSEMBLYMAN MORTENSON

MARCH 19, 2001

Referred to Concurrent Committees on Taxation
and Ways and Means

SUMMARY—Provides exemptions from certain taxes for property used in researching, developing, constructing and operating facilities to generate electricity from renewable resources. (BDR 32-1054)

FISCAL NOTE: Effect on Local Government: Yes.
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 taxation; exempting from property taxes certain property used as a facility for researching and developing the technology required to generate electrical energy from renewable resources or as a facility for the generation or production of electrical energy from one or more renewable resources, or both; exempting from certain sales and use taxes the sale or use of property for use in equipping, constructing, operating or maintaining a facility for research and development of the technology required to generate electrical energy from renewable resources or for the generation or production of electrical energy from one or more renewable resources, or both; requiring the director of the office of science, engineering and technology to certify such exemptions; providing a penalty; and providing other matters properly relating thereto.

1 WHEREAS, The current shortage in the supply of electric generation in
2 the western United States is both an immediate threat and a continuing
3 danger to the economy of this state and to the health, safety and welfare of
4 the residents of this state; and

5 WHEREAS, To ensure that the residents of this state have adequate and
6 reliable electric service and to protect the economy as well as the
7 environment of this state, it is necessary and desirable to create a
8 financially appealing setting for the research, development, construction
9 and operation of electric generation facilities in this state that use
10 innovative technology to produce electricity from renewable resources; and

11 WHEREAS, Our forefathers included authority for the legislature to
12 exempt from taxation property used for scientific purposes in the original
13 constitution of this state and, at the general election in 1982, the people of
14 this state approved a constitutional amendment authorizing the legislature
15 to exempt from taxation property used to encourage the conservation of
16 energy or the substitution of other sources for fossil sources of energy; and



1 WHEREAS, Currently there are no electricity generating facilities
2 receiving an exemption from taxation under the current statutory provision
3 pertaining to solar facilities and therefore the exemptions proposed by this
4 act will not have any negative fiscal impacts on the state or local
5 governments of this state; and

6 WHEREAS, Nevada with her vast underground web of hot springs,
7 abundantly sunny weather and windy barren areas has the potential to be a
8 true leader among states in the clean and efficient generation of electricity
9 to power the future; now, therefore,

10
11 THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
12 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:
13

14 **Section 1.** NRS 361.0785 is hereby amended to read as follows:

15 361.0785 1. Except as otherwise provided in this section, all
16 property, both real and personal, is exempt from taxation as set forth in this
17 section to the extent that the property is used as a facility for ~~the~~ :

18 *(a) Research and development of the technology required to generate*
19 *electrical energy from renewable resources;*

20 *(b) The generation or production of electrical energy from ~~solar~~*
21 *~~energy~~ one or more renewable resources; or*

22 *(c) Both (a) and (b).*

23 2. *The department shall not grant an exemption pursuant to this*
24 *section unless the director of the office of science, engineering and*
25 *technology certifies the exemption pursuant to subsection 4 of NRS*
26 *396.7982.*

27 3. Personal property exempted pursuant to subsection 1 may not
28 receive an exemption for more than 10 consecutive years ~~+~~

29 ~~3+~~ *after the date the exemption was originally granted by the*
30 *department.*

31 4. Real property exempted pursuant to subsection 1 may not receive an
32 exemption for more than 20 consecutive years ~~+~~

33 ~~4+~~ *after the date the exemption was originally granted by the*
34 *department.*

35 5. The provisions of this section do not apply to ~~+~~

36 ~~—(a) Residential property; and~~

37 ~~—(b) Property that is used as a facility for the production of electrical~~
38 ~~energy from solar energy before July 1, 1997.~~

39 ~~—5+ residential property.~~

40 6. As used in this section, “facility for the production of electrical
41 energy from ~~solar energy~~” *one or more renewable resources*” means a
42 facility which uses *one or more renewable resources including, without*
43 *limitation, geothermal, wind or solar energy or hydrogen fuel cells* as its
44 primary ~~fuel in the production of~~ *source of energy to produce* electricity.
45 The term includes all the equipment in the facility used to collect, store and
46 convert into electricity the energy derived from ~~solar energy~~ *the*
47 *renewable resource or resources.*



1 **Sec. 2.** Chapter 374 of NRS is hereby amended by adding thereto a
2 new section to read as follows:

3 1. *There are exempted from the taxes imposed by this chapter the*
4 *gross receipts from sales and the storage, use or other consumption of*
5 *property that will be used in equipping, constructing, operating or*
6 *maintaining a facility for research and development of the technology*
7 *required to generate electrical energy from renewable resources or for*
8 *the generation or production of electrical energy from one or more*
9 *renewable resources, or both.*

10 2. *To exercise the exemption granted pursuant to subsection 1, the*
11 *person must present an exemption certificate issued by the department.*
12 *The exemption certificate must :*

13 (a) *Be signed by and bear the name and address of the purchaser;*
14 (b) *Indicate the number of the exemption granted to the purchaser;*
15 and

16 (c) *Indicate the use for which the exemption has been granted.*

17 3. *The department shall not issue an exemption certificate pursuant*
18 *to this section unless the director of the office of science, engineering*
19 *and technology has certified the eligibility of the facility for which the*
20 *tangible personal property will be used to equip, construct, operate or*
21 *maintain pursuant to subsection 4 of NRS 396.7982.*

22 4. *A person who presents or otherwise uses an exemption certificate*
23 *issued pursuant to this section in the purchase of property which he*
24 *knows at the time of purchase will not be used to equip, construct,*
25 *operate or maintain the facility for which the exemption was certified*
26 *pursuant to subsection 4 of NRS 396.7982, for the purpose of evading*
27 *payment to the seller of the amount of the tax applicable to the*
28 *transaction is guilty of a misdemeanor.*

29 **Sec. 3.** NRS 396.7982 is hereby amended to read as follows:

30 396.7982 The director of the office of science, engineering and
31 technology:

32 1. Shall serve as the state science, engineering and technology adviser
33 to the governor, legislature, various agencies of this state, and businesses
34 and industries located in this state.

35 2. May serve as a member of the Nevada Technology Council.

36 3. Shall work in coordination with the commission on economic
37 development to establish criteria and specific goals for economic
38 development and diversification in this state in the areas of science,
39 engineering and technology.

40 4. *Shall work in coordination with the department of taxation to*
41 *certify:*

42 (a) *Exemptions from property taxes for property he determines is used*
43 *as a facility for research and development of the technology required to*
44 *generate electrical energy from renewable resources or a facility for the*
45 *generation or production of electrical energy from one or more*
46 *renewable resources, or both; and*

47 (b) *Eligibility for an exemption certificate for certain sales and use*
48 *taxes for a facility for research and development of the technology*
49 *required to generate electrical energy from renewable resources or a*



1 *facility for the generation or production of electrical energy from one or*
2 *more renewable resources, or both.*

3 5. Shall identify and recommend policies:

4 (a) To ensure that projects and resources located in this state which
5 relate to science, engineering and technology are managed and coordinated
6 to provide the greatest benefit to residents of this state.

7 (b) Related to alternative uses of the Nevada Test Site that most
8 effectively utilize the technology which is available at the site.

9 (c) To establish programs that develop and enhance the scientific and
10 mathematical skills of pupils in this state.

11 (d) To coordinate the activities of the various agencies of this state to
12 bring advanced technological programs that are federally funded or
13 operated into this state.

14 (e) To provide technical assistance to the commission on economic
15 development and local authorities to bring advanced technology into this
16 state.

17 (f) To provide advice and assistance to businesses and industries that
18 are located in this state.

19 ~~5.4~~ 6. Shall not overlap or duplicate any work performed by the state
20 climatologist, state engineer, state health officer or the executive director of
21 the agency for nuclear projects.

22 **Sec. 4.** This act becomes effective on July 1, 2001.

