

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 commission on economic development, in consultation with 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, A facility in existence on the effective date of this act may  
2 not receive the exemptions provided by this act, and therefore the  
3 exemptions proposed by this the residents of this state; and

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

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



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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;~~

22 ~~2. Personal~~ *one or more renewable resources; or*

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

24 2. *The department shall not grant an exemption pursuant to this*  
25 *section unless the commission on economic development, in consultation*  
26 *with the director of the office of science, engineering and technology,*  
27 *certifies the exemption pursuant to section 4 of this act.*

28 3. *All property , both real and personal,* exempted pursuant to  
29 subsection 1 may ~~not~~ receive an exemption for *not* more than 10  
30 consecutive years ~~;~~

31 ~~3. Real property exempted pursuant to subsection 1 may not receive an~~  
32 ~~exemption for more than 20 consecutive years.]~~ *after the date the*  
33 *exemption was originally certified by the commission on economic*  
34 *development.*

35 4. 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.]~~ *residential property.*

39 5. As used in this section, ~~["facility for the production of electrical~~  
40 ~~energy from solar energy" means a facility which uses solar energy as its~~  
41 ~~primary fuel in the production of electricity. The term includes all the~~  
42 ~~equipment in the facility used to collect, store and convert into electricity~~  
43 ~~the energy derived from]~~ *"renewable resource" includes, without*  
44 *limitation, a hydrogen fuel cell, biomass, and geothermal, wind and solar*  
45 *energy.*

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

48 1. *There are exempted from the taxes imposed by this chapter the*  
49 *gross receipts from sales and the storage, use or other consumption of*



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1 *property that will be used in equipping, constructing, operating or*  
2 *maintaining a facility for research and development of the technology*  
3 *required to generate electrical energy from renewable resources or for*  
4 *the generation or production of electrical energy from one or more*  
5 *renewable resources, or both.*

6 2. *To exercise the exemption granted pursuant to subsection 1, the*  
7 *person must present an exemption certificate issued by the department.*  
8 *The exemption certificate must:*

9 *(a) Be signed by and bear the name and address of the purchaser;*

10 *(b) Indicate the number of the exemption granted to the purchaser;*  
11 *and*

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

13 3. *The department shall not issue an exemption certificate pursuant*  
14 *to this section unless the commission on economic development, in*  
15 *consultation with the director of the office of science, engineering and*  
16 *technology, has certified the eligibility of the facility for which the*  
17 *tangible personal property will be used to equip, construct, operate or*  
18 *maintain pursuant to section 4 of this act.*

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

26 **Sec. 3.** NRS 374.265 is hereby amended to read as follows:

27 374.265 "Exempted from the taxes imposed by this chapter," as used  
28 in NRS 374.265 to 374.355, inclusive, *and section 2 of this act*, means  
29 exempted from the computation of the amount of taxes imposed.

30 **Sec. 4.** Chapter 231 of NRS is hereby amended by adding thereto a  
31 new section to read as follows:

32 1. *Except as otherwise provided in this section, the commission on*  
33 *economic development, in consultation with the director of the office of*  
34 *science, engineering and technology and in coordination with the*  
35 *department of taxation, shall certify:*

36 *(a) Exemptions from property taxes for property the commission on*  
37 *economic development determines is used as a facility for research and*  
38 *development of the technology required to generate electrical energy*  
39 *from renewable resources or a facility for the generation or production*  
40 *of electrical energy from one or more renewable resources, or both; and*

41 *(b) Eligibility for an exemption certificate for certain sales and use*  
42 *taxes for a facility for research and development of the technology*  
43 *required to generate electrical energy from renewable resources or a*  
44 *facility for the generation or production of electrical energy from one or*  
45 *more renewable resources, or both.*

46 2. *A facility in existence on the effective date of this act may not be*  
47 *certified pursuant to this section.*

48 3. *A facility that is not certified pursuant to this section on or before*  
49 *December 31, 2005, may not be certified pursuant to this section.*



1 *4. A facility that is certified pursuant to this section on or before*  
2 *December 31, 2005, may retain its certification for the purposes of NRS*  
3 *361.0785 and section 2 of this act for not more than 10 consecutive years*  
4 *after the date the facility is originally certified pursuant to this section.*

5 **Sec. 5.** NRS 231.090 is hereby amended to read as follows:

6 231.090 The executive director of the commission on economic  
7 development shall direct and supervise all its administrative and technical  
8 activities, including coordinating its plans for economic development,  
9 promoting the production of motion pictures, scheduling the commission's  
10 programs, analyzing the effectiveness of those programs and associated  
11 expenditures, and cooperating with other governmental agencies which  
12 have programs related to economic development. In addition to other  
13 powers and duties, the executive director:

14 1. Shall attend all meetings of the commission and act as its secretary,  
15 keeping minutes of its proceedings.

16 2. Shall report regularly to the commission concerning the  
17 administration of its policies and programs.

18 3. Shall report annually to the governor and the commission regarding  
19 the work of the commission and may make such special reports as he  
20 considers desirable to the governor.

21 4. May perform any other lawful acts which he considers desirable to  
22 carry out the provisions of NRS 231.020 to 231.130, inclusive ~~H~~ , and  
23 *section 4 of this act.*

24 **Sec. 6.** NRS 396.7982 is hereby amended to read as follows:

25 396.7982 The director of the office of science, engineering and  
26 technology:

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

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

31 3. Shall work in coordination with the commission on economic  
32 development to establish criteria and specific goals for economic  
33 development and diversification in this state in the areas of science,  
34 engineering and technology.

35 4. *Shall consult with the commission on economic development to*  
36 *assist the commission on economic development in certifying facilities*  
37 *pursuant to section 4 of this act.*

38 **5.** Shall identify and recommend policies:

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

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

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

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



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1 (e) To provide technical assistance to the commission on economic  
2 development and local authorities to bring advanced technology into this  
3 state.

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

6 ~~§ 6.~~ **6.** Shall not overlap or duplicate any work performed by the state  
7 climatologist, state engineer, state health officer or the executive director of  
8 the agency for nuclear projects.

9 **Sec. 7.** The amendatory provisions of this act do not apply to offenses  
10 committed before the effective date of this act.

11 **Sec. 8.** This act becomes effective upon passage and approval.

