

ASSEMBLY BILL NO. 356—ASSEMBLYMEN CONKLIN, ANDERSON,
ATKINSON, HORNE, KIHUEN, KIRKPATRICK, KOIVISTO,
OCEGUERA AND PARKS

MARCH 15, 2007

JOINT SPONSOR: SENATOR TITUS

Referred to Committee on Taxation

SUMMARY—Revises provisions governing partial abatements of
certain taxes. (BDR 32-783)

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 taxation; revising provisions governing partial
abatements 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 such a
10 partial abatement of taxes.

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

1 **Section 1.** NRS 360.750 is hereby amended to read as follows:
2 360.750 1. A person who intends to locate or expand a
3 business in this State may apply to the Commission on Economic
4 Development for a partial abatement of one or more of the taxes



1 imposed on the new or expanded business pursuant to chapter 361,
2 363B or 374 of NRS.

3 2. The Commission on Economic Development shall approve
4 an application for a partial abatement if the Commission makes the
5 following determinations:

6 (a) The business is consistent with:

7 (1) The State Plan for Industrial Development and
8 Diversification that is developed by the Commission pursuant to
9 NRS 231.067; and

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

11 (b) The applicant has executed an agreement with the
12 Commission which states that the business will, after the date on
13 which a certificate of eligibility for the abatement is issued pursuant
14 to subsection 5, continue in operation in this State for a period
15 specified by the Commission, which must be at least 5 years, and
16 will continue to meet the eligibility requirements set forth in this
17 subsection. The agreement must bind the successors in interest of
18 the business for the specified period.

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

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

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

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

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

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

40 (II) The cost to the business for the benefits the business
41 provides to its employees in this State will meet the minimum
42 requirements for benefits established by the Commission by
43 regulation pursuant to subsection 9.

44 (e) Except as otherwise provided in NRS 361.0687, if the
45 business is a new business in a county whose population is less than



1 100,000 or a city whose population is less than 60,000, the business
2 meets at least two of the following requirements:

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

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

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

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

17 (II) The cost to the business for the benefits the business
18 provides to its employees in this State will meet the minimum
19 requirements for benefits established by the Commission by
20 regulation pursuant to subsection 9.

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

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

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

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

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

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

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

43 (II) The cost to the business for the benefits the business
44 provides to its new employees in this State will meet the minimum



requirements for benefits established by the Commission by regulation pursuant to subsection 9.

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

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

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

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

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

(II) The cost to the business for the benefits the business provides to its employees in this State will meet with minimum requirements established by the Commission by regulation pursuant to subsection 9.

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

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

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

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

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

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

(II) The cost to the business for the benefits the business provides to its employees in this State will meet the minimum



1 *requirements for benefits established by the Commission by*
2 *regulation pursuant to subsection 9.*

3 *(5) The business submits with it application for a partial*
4 *abatement:*

5 *(I) A letter of support from the University at which the*
6 *research program operates, which is signed by the President of the*
7 *University and the director or chairman of the research program*
8 *or the appropriate department and which includes, without*
9 *limitation, a summary of the financial and other resources the*
10 *business will provide to the research program; and*

11 *(II) A letter of support which is signed by the chairman*
12 *of the board of directors of the regional economic development*
13 *authority within whose jurisdiction the University is located and*
14 *which includes, without limitation, a summary of the role the*
15 *business will play in diversifying the economy and, if applicable,*
16 *in achieving the broader goals of the regional economic*
17 *development authority for economic development and*
18 *diversification.*

19 *↪ Any partial abatement which is approved for a business that*
20 *meets the requirements of this paragraph must not exceed a term*
21 *of 5 years.*

22 3. Notwithstanding the provisions of subsection 2, the
23 Commission on Economic Development:

24 (a) Shall not consider an application for a partial abatement
25 unless the Commission has requested a letter of acknowledgment of
26 the request for the abatement from any affected county, school
27 district, city or town.

28 (b) May, if the Commission determines that such action is
29 necessary:

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

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

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

37 4. If a person submits an application to the Commission on
38 Economic Development pursuant to subsection 1, the Commission
39 shall provide notice to the governing body of the county, the board
40 of trustees of the school district and the governing body of the city
41 or town, if any, in which the person intends to locate or expand a
42 business. The notice required pursuant to this subsection must set
43 forth the date, time and location of the hearing at which the
44 Commission will consider the application.



1 5. If the Commission on Economic Development approves an
2 application for a partial abatement, the Commission shall
3 immediately forward a certificate of eligibility for the abatement to:

4 (a) The Department;

5 (b) The Nevada Tax Commission; and

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

8 6. An applicant for a partial abatement pursuant to this section
9 or an existing business whose partial abatement is in effect shall,
10 upon the request of the Executive Director of the Commission on
11 Economic Development, furnish the Executive Director with copies
12 of all records necessary to verify that the applicant meets the
13 requirements of subsection 2.

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

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

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

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

33 8. A county treasurer:

34 (a) Shall deposit any money that he receives pursuant to
35 subsection 7 in one or more of the funds established by a local
36 government of the county pursuant to NRS 354.6113 or 354.6115;
37 and

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

40 9. The Commission on Economic Development:

41 (a) Shall adopt regulations relating to:

42 (1) The minimum level of benefits that a business must
43 provide to its employees if the business is going to use benefits paid
44 to employees as a basis to qualify for a partial abatement; and



1 (2) The notice that must be provided pursuant to
2 subsection 4.

3 (b) May adopt such other regulations as the Commission on
4 Economic Development determines to be necessary to carry out the
5 provisions of this section.

6 10. The Nevada Tax Commission:

7 (a) Shall adopt regulations regarding:

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

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

13 (b) May adopt such other regulations as the Nevada Tax
14 Commission determines to be necessary to carry out the provisions
15 of this section.

16 11. An applicant for an abatement who is aggrieved by a final
17 decision of the Commission on Economic Development may
18 petition for judicial review in the manner provided in chapter 233B
19 of NRS.

20 **Sec. 2.** The amendatory provisions of this act apply only to an
21 abatement from taxation applied for on or after July 1, 2007.

22 **Sec. 3.** This act becomes effective on July 1, 2007.

