

SENATE BILL NO. 567—COMMITTEE ON COMMERCE AND LABOR

MAY 2, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Suspends all state action relating to tax exemptions applicable to energy efficient buildings. (BDR S-1495)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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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; suspending all state action relating to tax exemptions applicable to energy efficient buildings; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Under existing law, the Commission on Economic Development is authorized
2 to grant a partial abatement from the taxes imposed on real property by chapter 361
3 of NRS for property that has a building or other structure that meets or exceeds
4 certain requirements relating to energy efficiency which are adopted by the Director
5 of the Office of Energy within the Office of the Governor. (NRS 361.0775,
6 701.217) Similarly, the Department of Taxation is authorized, pursuant to the
7 former provisions of NRS 374.307, as amended by section 7 of chapter 2, Statutes
8 of Nevada 2005, 22nd Special Session, at page 71, to grant a sales tax exemption
9 under certain circumstances for products or materials used in the construction of
10 such a building or structure. This bill suspends all state action relating to such tax
11 exemptions.

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

- 1 **Section 1.** The Legislature hereby finds and declares that:
2 1. At the 1982 General Election, the people of the State of
3 Nevada voted to amend the Nevada Constitution to authorize the
4 Nevada Legislature to provide by law for tax exemptions to
5 encourage the conservation of energy and the substitution of other
6 sources for fossil sources of energy;



2. Since that time, the Nevada Legislature has diligently followed the evolution of technological advances in the development of environmentally friendly building construction standards that foster the conservation of energy both during the construction of buildings and for the life of the building;

3. In Assembly Bill No. 3 of the 22nd Special Session of the Legislature, the Legislature included tax exemptions to provide incentives for commercial projects to build energy-efficient, environmentally friendly commercial buildings and required all new state buildings to take these same environmental and energy saving steps to avoid strains on the infrastructure of this State;

4. Determining the balance between tax exemptions promoting the efficient use of energy and the conservation of our natural resources to ensure quality of life for current and future Nevadans and the duty of the Legislature to ensure adequate revenue to fund our schools and other governmental services as well as the other fiscal needs of this State is difficult because it is not possible to predict with any certainty the number of exemptions that will be applied for and granted;

5. Upon announcement of the current economic conditions and the outlook for the 2007-2009 biennium presented to the Economic Forum on May 1, 2007, in which current State General Fund revenue projections were lowered by \$40.1 million in Fiscal Year 2007-2008 and \$48.2 million in Fiscal Year 2008-2009, compared to the Economic Forum's forecast prepared only 5 months ago on November 30, 2006, it became a certainty that the abatements and exemptions enacted by the 2005 Nevada Legislature from property taxes and the Local School Support Tax and other similar sales and use taxes must be reconsidered;

6. The Legislature hereby provides notice that it will be reconsidering these abatements and exemptions, and may limit, suspend or repeal them, and that no person should rely in any way upon the continued existence of the abatements and exemptions at their current level or at any level, and that any such reliance after the effective date of this act is unreasonable; and

7. The work of the Executive Branch of State Government to implement these programs must be held in abeyance to give the Legislature time to evaluate all of the information and consider all of the options available to this State to ensure that Nevada's goals for encouraging energy efficiency are achieved without compromising our ability to meet our financial obligations to adequately fund schools and other necessary governmental services.

Sec. 2. Notwithstanding any other provision of law to the contrary, until another act of the Legislature which provides otherwise becomes effective:



1 1. The Department of Taxation shall not take any action with
2 respect to an application or other request for:

3 (a) A sales tax exemption on products or materials used in the
4 construction of a building that is certified or will, when complete,
5 meet the requirements to be certified at or meet the equivalent of the
6 silver level or higher in accordance with the Leadership in Energy
7 and Environmental Design Green Building Rating System adopted
8 by the Director of the Office of Energy within the Office of the
9 Governor pursuant to NRS 701.217 and any other applicable
10 regulations adopted by the Director of the Office of Energy; or

11 (b) An abatement from the tax imposed on real property by
12 chapter 361 of NRS for property which has a building or other
13 structure that is certified at or meets the equivalent of the silver level
14 or higher by a person authorized to grant such certification in
15 accordance with the Leadership in Energy and Environmental
16 Design Green Building Rating System adopted by the Director of
17 the Office of Energy pursuant to NRS 701.217 and any other
18 applicable regulations adopted by the Director of the Office of
19 Energy,

20 ➤ including, without limitation, the consideration, adoption or filing
21 with the Secretary of State of any applicable regulation or the
22 consideration or approval of any applicable application or other
23 request.

24 2. The Commission on Economic Development shall not take
25 any action with respect to an application or other request for:

26 (a) A sales tax exemption on products or materials used in the
27 construction of a building that is certified or will, when complete,
28 meet the requirements to be certified at or meet the equivalent of the
29 silver level or higher in accordance with the Leadership in Energy
30 and Environmental Design Green Building Rating System adopted
31 by the Director of the Office of Energy within the Office of the
32 Governor pursuant to NRS 701.217 and any other applicable
33 regulations adopted by the Director of the Office of Energy; or

34 (b) An abatement from the tax imposed on real property by
35 chapter 361 of NRS for property which has a building or other
36 structure that is certified at or meets the equivalent of the silver level
37 or higher by a person authorized to grant such certification in
38 accordance with the Leadership in Energy and Environmental
39 Design Green Building Rating System adopted by the Director of
40 the Office of Energy pursuant to NRS 701.217 and any other
41 applicable regulations adopted by the Director of the Office of
42 Energy,

43 ➤ including, without limitation, the consideration or adoption of
44 any applicable regulation, the consideration, adoption or filing with



1 the Secretary of State of any applicable application or other request
2 or the issuance of any certificate of eligibility for an abatement.

3 3. The Nevada Tax Commission shall not take any action that
4 in any manner relates to or may affect a sales tax exemption or
5 property tax abatement described in subsection 1 or 2, including,
6 without limitation, the consideration, adoption or filing with the
7 Secretary of State of any applicable regulation or the consideration
8 or approval of any applicable application or other request.

9 4. The Office of Energy shall not take any action that in any
10 manner relates to or may affect a sales tax exemption or property tax
11 abatement described in subsection 1 or 2, including, without
12 limitation, the consideration, adoption or filing with the Secretary of
13 State of any applicable regulation, the acceptance or processing of
14 any registration of a construction project, the providing of any
15 notification concerning such a project or the issuance of any letter of
16 verification that a building or other structure meets or exceeds
17 applicable certification requirements.

18 **Sec. 3.** This act becomes effective upon passage and approval.

