
ASSEMBLY BILL NO. 30—COMMITTEE ON TAXATION

(ON BEHALF OF THE NEVADA ASSOCIATION OF COUNTIES)

PREFILED DECEMBER 5, 2008

Referred to Committee on Taxation

SUMMARY—Revises provisions governing the granting by the Commission on Economic Development of a partial abatement of certain taxes on a new or expanded business in this State. (BDR 32-458)

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

~

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 the granting by the Commission on Economic Development of a partial abatement of certain taxes on a new or expanded business in this State; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law authorizes the Commission on Economic Development to grant a
2 partial abatement of one or more of the taxes imposed pursuant to chapter 361
3 (property tax), 363B (business tax) or 374 (local school support tax) of NRS on a
4 new or expanded business in this State that applies for the partial abatement and
5 meets certain qualifications. The Commission may not consider such an application
6 unless the Commission has requested a letter of acknowledgment of the request for
7 the abatement from any affected county, school district, city or town. (NRS
8 360.750) **Section 1** of this bill prohibits the Commission from considering such an
9 application unless it has notified the governing body of each affected county,
10 school district, city or town by registered mail, return receipt requested, of the
11 application and either: (1) has received a letter of approval of the partial abatement
12 from the board of county commissioners of the affected county; or (2) the board of
13 county commissioners of the affected county has failed to approve or reject the
14 partial abatement within 60 days after receiving the notification. **Section 1** does not
15 require the approval of the application by any affected school district, city or town.



* A B 3 0 *

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
5 imposed on the new or expanded business pursuant to chapter 361,
6 363B or 374 of NRS.

7 2. The Commission on Economic Development shall approve
8 an application for a partial abatement if the Commission makes the
9 following determinations:

10 (a) The business is consistent with:

11 (1) The State Plan for Industrial Development and
12 Diversification that is developed by the Commission pursuant to
13 NRS 231.067; and

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

15 (b) The applicant has executed an agreement with the
16 Commission which must:

17 (1) Comply with the requirements of NRS 360.755;

18 (2) State that the business will, after the date on which a
19 certificate of eligibility for the abatement is issued pursuant to
20 subsection 5, continue in operation in this State for a period
21 specified by the Commission, which must be at least 5 years, and
22 will continue to meet the eligibility requirements set forth in this
23 subsection; and

24 (3) Bind the successors in interest of the business for the
25 specified period.

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

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

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

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

39 (3) The average hourly wage that will be paid by the new
40 business to its employees in this State is at least 100 percent of the
41 average statewide hourly wage as established by the Employment



1 Security Division of the Department of Employment, Training and
2 Rehabilitation on July 1 of each fiscal year and:

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

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

10 (e) Except as otherwise provided in NRS 361.0687, if the
11 business is a new business in a county whose population is less than
12 100,000 or a city whose population is less than 60,000, the business
13 meets at least two of the following requirements:

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

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

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

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

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

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

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

37 (2) The business will expand by making a capital investment
38 in this State in an amount equal to at least 20 percent of the value of
39 the tangible property possessed by the business in the immediately
40 preceding fiscal year. The determination of the value of the tangible
41 property possessed by the business in the immediately preceding
42 fiscal year must be made by the:

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

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



(3) The average hourly wage that will be paid by the existing business to its new 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 new 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 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.

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

(a) Shall not consider an application for a partial abatement unless the Commission has ~~requested a letter of acknowledgment of the request for the abatement from any~~ **notified the governing body of each** affected county, school district, city or town ~~by registered mail, return receipt requested, of the application and:~~

(1) Has received a letter of approval of the partial abatement from the board of county commissioners of the affected county; or



(2) The board of county commissioners of the affected county has failed to approve or reject the partial abatement within 60 days after receiving the notification.

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

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

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

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

4. ~~If a person submits an application to the Commission on Economic Development pursuant to subsection 1, the Commission shall provide notice to the governing body of the county, the board of trustees of the school district and the governing body of the city or town, if any, in which the person intends to locate or expand a business.~~ The notice required pursuant to ~~[this]~~ subsection 3 must set forth the date, time and location of the hearing at which the Commission ~~[will]~~ *on Economic Development intends to* consider the application.

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

(a) The Department;

(b) The Nevada Tax Commission; and

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

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

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

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

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

➔ the business shall repay to the Department or, if the partial abatement was from the property tax imposed pursuant to chapter 361 of NRS, to the county treasurer, the amount of the exemption that was allowed pursuant to this section before the failure of the business to comply unless the Nevada Tax Commission determines that the business has substantially complied with the requirements of



1 this section. Except as otherwise provided in NRS 360.232 and
2 360.320, the business shall, in addition to the amount of the
3 exemption required to be paid pursuant to this subsection, pay
4 interest on the amount due at the rate most recently established
5 pursuant to NRS 99.040 for each month, or portion thereof, from the
6 last day of the month following the period for which the payment
7 would have been made had the partial abatement not been approved
8 until the date of payment of the tax.

9 8. A county treasurer:

10 (a) Shall deposit any money that he receives pursuant to
11 subsection 7 in one or more of the funds established by a local
12 government of the county pursuant to NRS 354.6113 or 354.6115;
13 and

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

16 9. The Commission on Economic Development:

17 (a) Shall adopt regulations relating to:

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

21 (2) The notice that must be provided pursuant to subsection
22 ~~4.~~ 3.

23 (b) May adopt such other regulations as the Commission on
24 Economic Development determines to be necessary to carry out the
25 provisions of this section and NRS 360.755.

26 10. The Nevada Tax Commission:

27 (a) Shall adopt regulations regarding:

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

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

33 (b) May adopt such other regulations as the Nevada Tax
34 Commission determines to be necessary to carry out the provisions
35 of this section and NRS 360.755.

36 11. An applicant for an abatement who is aggrieved by a final
37 decision of the Commission on Economic Development may
38 petition for judicial review in the manner provided in chapter 233B
39 of NRS.

40 **Sec. 2.** This act becomes effective on July 1, 2009.

