

ASSEMBLY BILL NO. 202—ASSEMBLYMEN ATKINSON, CONKLIN,
KIRNER, HARDY, HICKEY; AND KIRKPATRICK

FEBRUARY 22, 2011

Referred to Committee on Commerce and Labor

SUMMARY—Provides for the partial abatement of certain property taxes for certain new manufacturing businesses in this State. (BDR 58-652)

FISCAL NOTE: Effect on Local Government: No.
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 energy; providing for the partial abatement of certain property taxes for certain new manufacturing businesses in this State; providing that eligibility for the partial abatement of certain property taxes is limited to certain new manufacturing businesses that renovate an existing building or other structure; revising provisions governing eligibility for a partial abatement of taxes for a building or other structure that is determined to meet the equivalent of the silver level or higher pursuant to the Green Building Rating System; requiring the Director of the Office of Energy to adopt certain regulations; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Section 18** of this bill requires the Director of the Office of Energy to establish
2 regulations for granting a partial abatement of certain property taxes for new
3 manufacturing businesses in this State which renovate an existing building or other
4 structure which meets certain energy efficiency standards. **Section 18** sets forth the
5 criteria for eligibility for the partial abatement of such taxes, including, without
6 limitation, that the applicant: (1) be a new manufacturing business in this State; (2)
7 employ at least 25 full-time employees at the new manufacturing business for the
8 entire period during which the applicant will receive the partial abatement; and (3)
9 pay an average hourly wage that is at least 100 percent of the average statewide
10 hourly wage or average countywide hourly wage, whichever is less, excluding
11 management and administrative employees. **Section 18** prescribes the maximum
12 amount of the partial abatement, provides that the partial abatement is not available



13 for any taxes imposed for public education and limits the partial abatement to not
14 more than 1 year in duration. This new program is patterned after existing
15 provisions which provide for a similar partial abatement of certain taxes for
16 buildings which meet certain standards under the Green Building Rating System.
17 (NRS 701A.100, 701A.110) **Section 20** of this bill provides that an applicant for a
18 partial abatement of taxes under the existing program is not eligible for a partial
19 abatement of taxes for the renovation of an existing building or other structure.

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

- 1 **Section 1.** (Deleted by amendment.)
2 **Sec. 2.** (Deleted by amendment.)
3 **Sec. 3.** (Deleted by amendment.)
4 **Sec. 4.** (Deleted by amendment.)
5 **Sec. 5.** (Deleted by amendment.)
6 **Sec. 6.** (Deleted by amendment.)
7 **Sec. 7.** (Deleted by amendment.)
8 **Sec. 8.** (Deleted by amendment.)
9 **Sec. 9.** (Deleted by amendment.)
10 **Sec. 10.** (Deleted by amendment.)
11 **Sec. 11.** (Deleted by amendment.)
12 **Sec. 12.** (Deleted by amendment.)
13 **Sec. 13.** (Deleted by amendment.)
14 **Sec. 14.** (Deleted by amendment.)
15 **Sec. 15.** (Deleted by amendment.)
16 **Sec. 16.** (Deleted by amendment.)
17 **Sec. 17.** (Deleted by amendment.)
18 **Sec. 18.** Chapter 701A of NRS is hereby amended by adding
19 thereto a new section to read as follows:
20 ***1. Except as otherwise provided in this section, the Director***
21 ***of the Office of Energy shall grant a partial abatement from the***
22 ***portion of taxes imposed pursuant to chapter 361 of NRS, other***
23 ***than any taxes imposed for public education, on an existing***
24 ***building or other structure which is renovated for use by a***
25 ***manufacturer if:***
26 ***(a) The building or other structure is determined after the***
27 ***renovation to meet the equivalent of the silver level or higher by***
28 ***an independent contractor authorized to make that determination***
29 ***in accordance with the Green Building Rating System adopted by***
30 ***the Director pursuant to NRS 701A.100.***
31 ***(b) The applicant:***
32 ***(1) Is a manufacturer who intends to locate a new***
33 ***manufacturing business in this State;***



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(2) Employs at least 25 full-time employees at the new manufacturing business in this State during the entire period in which the applicant will receive the tax abatement; and

(3) The average hourly wage that will be paid by the manufacturer to its employees in this State is at least 100 percent of the average statewide hourly wage or the average countywide hourly wage, whichever is less, excluding management and administrative employees, as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

(c) No funding is provided by any governmental entity in this State for the acquisition, design, construction or renovation of the building or other structure or for the acquisition of any land therefore. For the purpose of this paragraph:

(1) Private activity bonds must not be considered funding provided by a governmental entity.

(2) The term "private activity bond" has the meaning ascribed to it in 26 U.S.C. § 141.

(d) The manufacturer:

(1) Submits an application for the abatement to the Director. If such an application is submitted for a project that has not been completed on the date of that submission and there is a significant change in the scope of the project after that date, the application must be amended to include the change or changes.

(2) Except as otherwise provided in this subparagraph, provides to the Director, within 48 months after applying for the abatement, proof that the building or other structure meets the equivalent of the silver level or higher, as determined by an independent contractor authorized to make that determination in accordance with the Green Building Rating System adopted by the Director pursuant to NRS 701A.100. The Director may, for good cause shown, extend the period for providing such proof.

(3) Files a copy of each application and amended application submitted to the Director pursuant to subparagraph (1) with the:

(I) Chief of the Budget Division of the Department of Administration;

(II) Department of Taxation;

(III) County assessor;

(IV) County treasurer;

(V) Commission on Economic Development;

(VI) Board of county commissioners; and

(VII) City manager and city council, if any.

2. As soon as practicable after the Director receives an application and proof required by subsection 1, the Director shall



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1 *determine whether the building or other structure is eligible for*
2 *the abatement and, if so, forward a certificate of eligibility for the*
3 *abatement to the:*

- 4 (a) *Department of Taxation;*
- 5 (b) *County assessor;*
- 6 (c) *County treasurer; and*
- 7 (d) *Commission on Economic Development.*

8 3. *As soon as practicable after receiving a copy of:*

9 (a) *An application pursuant to subparagraph (3) of paragraph*
10 *(d) of subsection 1:*

11 (1) *The Chief of the Budget Division shall publish a fiscal*
12 *note that indicates an estimate of the fiscal impact of the partial*
13 *abatement on the State; and*

14 (2) *The Department of Taxation shall publish a fiscal note*
15 *that indicates an estimate of the fiscal impact of the partial*
16 *abatement on each affected local government, and forward a copy*
17 *of the fiscal note to each affected local government.*

18 (b) *A certificate of eligibility pursuant to subsection 2, the*
19 *Department of Taxation shall forward a copy of the certificate to*
20 *each affected local government.*

21 4. *The partial abatement:*

22 (a) *Must be for a duration not to exceed 1 year, and in an*
23 *annual amount that equals, for a building or other structure that*
24 *meets the equivalent of:*

25 (1) *The silver level, 25 percent of the portion of the taxes*
26 *imposed pursuant to chapter 361 of NRS, other than any taxes*
27 *imposed for public education, that would otherwise be payable for*
28 *the building or other structure, excluding the associated land;*

29 (2) *The gold level, 30 percent of the portion of the taxes*
30 *imposed pursuant to chapter 361 of NRS, other than any taxes*
31 *imposed for public education, that would otherwise be payable for*
32 *the building or other structure, excluding the associated land; or*

33 (3) *The platinum level, 35 percent of the portion of the*
34 *taxes imposed pursuant to chapter 361 of NRS, other than any*
35 *taxes imposed for public education, that would otherwise be*
36 *payable for the building or other structure, excluding the*
37 *associated land.*

38 (b) *Does not apply during any period in which the owner of the*
39 *building or other structure is receiving another abatement or*
40 *exemption pursuant to this chapter or NRS 361.045 to 361.159,*
41 *inclusive, from the taxes imposed pursuant to chapter 361 of NRS.*

42 (c) *Terminates upon any determination by the Director that*
43 *the building or other structure has ceased to meet the equivalent*
44 *of the silver level or higher. The Director shall provide notice and*
45 *a reasonable opportunity to cure any noncompliance issues before*



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1 *making a determination that the building or other structure has*
2 *ceased to meet that standard. The Director shall immediately*
3 *provide notice of each determination of termination to the:*

4 *(1) Department of Taxation, who shall immediately notify*
5 *each affected local government of the determination;*

6 *(2) County assessor;*

7 *(3) County treasurer; and*

8 *(4) Commission on Economic Development.*

9 *5. The Director shall adopt regulations:*

10 *(a) Establishing the qualifications and methods to determine*
11 *eligibility for the abatement;*

12 *(b) Prescribing such forms as will ensure that all information*
13 *and other documentation necessary to make an appropriate*
14 *determination is filed with the Director; and*

15 *(c) Prescribing the criteria for determining when there is a*
16 *significant change in the scope of a project for the purposes of*
17 *subparagraph (1) of paragraph (d) of subsection 1,*

18 *↪ and the Department of Taxation shall adopt such additional*
19 *regulations as it determines to be appropriate to carry out the*
20 *provisions of this section.*

21 *6. As used in this section:*

22 *(a) "Building or other structure" does not include any*
23 *building or other structure for which the principal use is as a*
24 *residential dwelling, even if the building or other structure is used*
25 *for more than four families.*

26 *(b) "Director" means the Director of the Office of Energy*
27 *appointed pursuant to NRS 701.150.*

28 *(c) "Manufacturer" means a person engaged primarily in*
29 *manufacturing or processing which changes raw or unfinished*
30 *materials into another form or creates another product.*

31 *(d) "Taxes imposed for public education" means:*

32 *(1) Any ad valorem tax authorized or required by chapter*
33 *387 of NRS;*

34 *(2) Any ad valorem tax authorized or required by chapter*
35 *350 of NRS for the obligations of a school district, including,*
36 *without limitation, any ad valorem tax necessary to carry out the*
37 *provisions of subsection 5 of NRS 350.020; and*

38 *(3) Any other ad valorem tax for which the proceeds*
39 *thereof are dedicated to the public education of pupils in*
40 *kindergarten through grade 12.*

41 **Sec. 19.** NRS 701A.100 is hereby amended to read as follows:

42 701A.100 1. The Director of the Office of Energy shall adopt
43 a Green Building Rating System for the purposes of determining the
44 eligibility of a building or other structure for a tax abatement
45 pursuant to NRS 701A.110 **[H]** *and section 18 of this act.*



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2. The Green Building Rating System must include standards and ratings equivalent to the standards and ratings provided pursuant to the Leadership in Energy and Environmental Design Green Building Rating System, except that the standards adopted by the Director:

(a) Except as otherwise provided in paragraphs (b) and (c), must not include:

(1) Any standard that has not been included in the Leadership in Energy and Environmental Design Green Building Rating System for at least 2 years; or

(2) Standards for homes;

(b) Must provide reasonable exceptions based on the size of the area occupied by the building or other structure; and

(c) Must require a building or other structure to obtain:

(1) At least 3 points of credit for energy conservation to meet the equivalent of the silver level;

(2) At least 5 points of credit for energy conservation to meet the equivalent of the gold level; and

(3) At least 8 points of credit for energy conservation to meet the equivalent of the platinum level.

3. As used in this section, "home" means a building or other structure for which the principal use is as a residential dwelling for not more than four families.

Sec. 20. NRS 701A.110 is hereby amended to read as follows:

701A.110 1. Except as otherwise provided in this section, the Director shall grant a partial abatement from the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, on a building or other structure that is determined to meet the equivalent of the silver level or higher by an independent contractor authorized to make that determination in accordance with the Green Building Rating System adopted by the Director pursuant to NRS 701A.100, if:

(a) No funding is provided by any governmental entity in this State for the acquisition, design or construction of the building or other structure or for the acquisition of any land therefor. For the purposes of this paragraph:

(1) Private activity bonds must not be considered funding provided by a governmental entity.

(2) The term "private activity bond" has the meaning ascribed to it in 26 U.S.C. § 141.

(b) The owner of the property:

(1) Submits an application for the partial abatement to the Director. If such an application is submitted for a project that has not been completed on the date of that submission and there is a



1 significant change in the scope of the project after that date, the
2 application must be amended to include the change or changes.

3 (2) Except as otherwise provided in this subparagraph,
4 provides to the Director, within 48 months after applying for the
5 partial abatement, proof that the building or other structure meets
6 the equivalent of the silver level or higher, as determined by an
7 independent contractor authorized to make that determination in
8 accordance with the Green Building Rating System adopted by the
9 Director pursuant to NRS 701A.100. The Director may, for good
10 cause shown, extend the period for providing such proof.

11 (3) Files a copy of each application and amended application
12 submitted to the Director pursuant to subparagraph (1) with the:

13 (I) Chief of the Budget Division of the Department of
14 Administration;

15 (II) Department of Taxation;

16 (III) County assessor;

17 (IV) County treasurer;

18 (V) Commission on Economic Development;

19 (VI) Board of county commissioners; and

20 (VII) City manager and city council, if any.

21 2. As soon as practicable after the Director receives the
22 application and proof required by subsection 1, the Director shall
23 determine whether the building or other structure is eligible for the
24 abatement and, if so, forward a certificate of eligibility for the
25 abatement to the:

26 (a) Department of Taxation;

27 (b) County assessor;

28 (c) County treasurer; and

29 (d) Commission on Economic Development.

30 3. As soon as practicable after receiving a copy of:

31 (a) An application pursuant to subparagraph (3) of paragraph (b)
32 of subsection 1:

33 (1) The Chief of the Budget Division shall publish a fiscal
34 note that indicates an estimate of the fiscal impact of the partial
35 abatement on the State; and

36 (2) The Department of Taxation shall publish a fiscal note
37 that indicates an estimate of the fiscal impact of the partial
38 abatement on each affected local government, and forward a copy of
39 the fiscal note to each affected local government.

40 (b) A certificate of eligibility pursuant to subsection 2, the
41 Department of Taxation shall forward a copy of the certificate to
42 each affected local government.

43 4. The partial abatement:



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(a) Must be for a duration of not more than 10 years and in an annual amount that equals, for a building or other structure that meets the equivalent of:

(1) The silver level, 25 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be payable for the building or other structure, excluding the associated land;

(2) The gold level, 30 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be payable for the building or other structure, excluding the associated land; or

(3) The platinum level, 35 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be payable for the building or other structure, excluding the associated land.

(b) Does not apply during any period in which the owner of the building or other structure is receiving another abatement or exemption pursuant to this chapter or NRS 361.045 to 361.159, inclusive, from the taxes imposed pursuant to chapter 361 of NRS.

(c) Terminates upon any determination by the Director that the building or other structure has ceased to meet the equivalent of the silver level or higher. The Director shall provide notice and a reasonable opportunity to cure any noncompliance issues before making a determination that the building or other structure has ceased to meet that standard. The Director shall immediately provide notice of each determination of termination to the:

(1) Department of Taxation, who shall immediately notify each affected local government of the determination;

(2) County assessor;

(3) County treasurer; and

(4) Commission on Economic Development.

(d) Must not be for an existing building or other structure that is renovated.

5. The Director shall adopt regulations:

(a) Establishing the qualifications and methods to determine eligibility for the abatement;

(b) Prescribing such forms as will ensure that all information and other documentation necessary to make an appropriate determination is filed with the Director; and

(c) Prescribing the criteria for determining when there is a significant change in the scope of a project for the purposes of subparagraph (1) of paragraph (b) of subsection 1,

➤ and the Department of Taxation shall adopt such additional regulations as it determines to be appropriate to carry out the provisions of this section.



1 6. As used in this section:

2 (a) "Building or other structure" does not include any building
3 or other structure for which the principal use is as a residential
4 dwelling for not more than four families.

5 (b) "Director" means the Director of the Office of Energy
6 appointed pursuant to NRS 701.150.

7 (c) "Taxes imposed for public education" means:

8 (1) Any ad valorem tax authorized or required by chapter
9 387 of NRS;

10 (2) Any ad valorem tax authorized or required by chapter
11 350 of NRS for the obligations of a school district, including,
12 without limitation, any ad valorem tax necessary to carry out the
13 provisions of subsection 5 of NRS 350.020; and

14 (3) Any other ad valorem tax for which the proceeds thereof
15 are dedicated to the public education of pupils in kindergarten
16 through grade 12.

17 **Sec. 21.** An application for a partial abatement of taxes
18 requested pursuant to NRS 701A.110 submitted on or after the
19 effective date of this section must not be granted if the application is
20 for a partial abatement of taxes for an existing building or other
21 structure which is being renovated.

22 **Sec. 22.** The Director of the Office of Energy shall, on or
23 before October 1, 2011, adopt regulations to carry out the
24 amendatory provisions of sections 18 and 20 of this act.

25 **Sec. 23.** 1. This section and sections 20, 21 and 22 of this act
26 become effective upon passage and approval.

27 2. Sections 1 to 19, inclusive, of this act become effective:

28 (a) Upon passage and approval for the purpose of adopting
29 regulations and carrying out any other preparatory administrative
30 tasks necessary to implement the provisions of this act; and

31 (b) On October 1, 2011, for all other purposes.

