

ASSEMBLY BILL NO. 33—COMMITTEE
ON COMMERCE AND LABOR

(ON BEHALF OF THE OFFICE OF ENERGY)

PREFILED DECEMBER 20, 2012

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing the partial abatement of certain taxes for certain energy-efficient buildings. (BDR 58-280)

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 energy; revising provisions governing the partial abatement of certain property taxes for certain renovated buildings and structures which meet certain energy efficiency standards; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Director of the Office of Energy to grant a partial abatement of certain property taxes for the: (1) construction of a building or other structure that meets certain energy efficiency standards under the Green Building Rating System adopted by the Director; or (2) renovation by certain manufacturers of an existing building or other structure to bring the building or other structure into compliance with such energy efficiency standards. (NRS 701A.110, 701A.115)

Section 4 of this bill repeals the provisions which authorize partial abatements of property taxes specifically for certain manufacturers who renovate existing buildings, and **section 2** of this bill instead requires the Director to grant a partial abatement of certain property taxes to any owner of an existing building or other structure who renovates the building or other structure to bring it into compliance with certain energy efficiency standards under the Green Building Rating System adopted by the Director.



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

Section 1. NRS 701A.100 is hereby amended to read as follows:

701A.100 1. The Director of the Office of Energy shall adopt a Green Building Rating System for the purposes of determining the eligibility of a building or other structure for a tax abatement pursuant to NRS 701A.110. ~~and 701A.115.~~

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

701A.110 1. Except as otherwise provided in this section, the Director, in consultation with the Office of Economic Development, 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 *newly constructed or renovated* building or other structure that is determined *after construction or renovation* 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, ~~for~~ construction *or renovation* of



1 the building or other structure or for the acquisition of any land
2 therefor. For the purposes of this paragraph:

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

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

7 (b) The owner of the property:

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

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

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

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

25 (II) Department of Taxation;

26 (III) County assessor;

27 (IV) County treasurer;

28 (V) Office of Economic Development;

29 (VI) Board of county commissioners; and

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

31 (c) The abatement is consistent with the State Plan for Economic
32 Development developed by the Executive Director of the Office of
33 Economic Development pursuant to subsection 2 of NRS 231.053.

34 2. As soon as practicable after the Director receives the
35 application and proof required by subsection 1, the Director, in
36 consultation with the Office of Economic Development, shall
37 determine whether the building or other structure is eligible for the
38 abatement and, if so, forward a certificate of eligibility for the
39 abatement to the:

40 (a) Department of Taxation;

41 (b) County assessor;

42 (c) County treasurer; and

43 (d) Office of Economic Development.

44 3. The Director may, with the assistance of the Chief of the
45 Budget Division and the Department of Taxation, publish a fiscal



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1 note that indicates an estimate of the fiscal impact of the partial
2 abatement on the State and on each affected local government. If the
3 Director publishes a fiscal note that estimates the fiscal impact of
4 the partial abatement on local government, the Director shall
5 forward a copy of the fiscal note to each affected local government.
6 As soon as practicable after receiving a copy of a certificate of
7 eligibility pursuant to subsection 2, the Department of Taxation
8 shall forward a copy of the certificate to each affected local
9 government.

10 4. The partial abatement ~~is~~ **for:**

11 (a) ~~Must~~ **A newly constructed building or other structure**
12 **must** be for a duration of not more than 10 years and in an annual
13 amount that equals, for a building or other structure that meets the
14 equivalent of:

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

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

25 (3) The platinum level, 35 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~~
28 **owed** for the building or other structure, excluding the associated
29 land.

30 (b) ~~Does~~ **A renovated building or other structure must be for**
31 **a duration of not more than 5 years and in an annual amount that**
32 **equals, for a renovated building or other structure that meets the**
33 **equivalent of:**

34 (1) **The silver level, 25 percent of the portion of the taxes**
35 **imposed pursuant to chapter 361 of NRS, other than any taxes**
36 **imposed for public education, that would otherwise be owed for**
37 **the portion of the value of the renovated building or other**
38 **structure, excluding the associated land, which is attributable to**
39 **the renovation as determined pursuant to subsection 5;**

40 (2) **The gold level, 30 percent of the portion of the taxes**
41 **imposed pursuant to chapter 361 of NRS, other than any taxes**
42 **imposed for public education, that would otherwise be owed for**
43 **the portion of the value of the renovated building or other**
44 **structure, excluding the associated land, which is attributable to**
45 **the renovation as determined pursuant to subsection 5; 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 owed for the portion of the value of the renovated building or other structure, excluding the associated land, which is attributable to the renovation as determined pursuant to subsection 5.

5. For the purposes of paragraph (b) of subsection 4, the portion of the value of a renovated building or other structure which is attributable to the renovation shall be deemed to be equal to the percentage that the total cost of the renovation of the building or other structure bears to the total cash value of the renovated building or other structure at the time the Director issues a certificate of eligibility for the abatement, not to exceed 100 percent.

6. A partial abatement granted pursuant to this section:

(a) 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.

~~**(e)**~~ **(b)** 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) Office of Economic Development.

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

~~**—5.**~~ **7.** If a partial abatement terminates pursuant to paragraph ~~**(e)**~~ **(b)** of subsection ~~**4.**~~ **6**, the owner of the property to which the partial abatement applied shall repay to the county treasurer the amount of the exemption that was allowed pursuant to this section before the date of that termination. The owner shall, in addition to the amount of the exemption required to be paid pursuant to this subsection, pay interest on the amount due at the rate most recently established pursuant to NRS 99.040 for each month, or portion thereof, from the last day of the month following the period for which the payment would have been made had the partial abatement not been approved until the date of payment of the tax.



~~16-1~~ 8. The Director, in consultation with the Office of Economic Development, shall adopt regulations:

(a) Establishing the qualifications and methods to determine eligibility for *and the duration of* 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.

~~17-1~~ 9. The Director shall:

(a) Cooperate with the Office of Economic Development in carrying out the provisions of this section; and

(b) Submit to the Office of Economic Development an annual report, at such a time and containing such information as the Office may require, regarding the partial abatements granted pursuant to this section.

~~18-1~~ 10. As used in this section:

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

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

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

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

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

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

Sec. 3. The Legislature hereby finds that each exemption provided by this act from any ad valorem tax on property:

1. Will achieve a bona fide social or economic purpose and that the benefits of the exemption are expected to exceed any adverse effect of the exemption on the provision of services to the public by the State or a local government that would otherwise receive revenue from the tax from which the exemption would be granted; and



2. Will not impair adversely the ability of the State or a local government to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from the tax from which the exemption would be granted was pledged.

Sec. 4. 1. NRS 701A.115 is hereby repealed.

2. Section 21 of chapter 298, Statutes of Nevada 2011, at page 1656, is hereby repealed.

Sec. 5. This act becomes effective upon passage and approval.

**TEXT OF REPEALED SECTION OF NRS AND
TEXT OF REPEALED SECTION OF STATUTES OF NEVADA**

701A.115 Partial abatement of certain property taxes for certain buildings or structures which are renovated for use by manufacturer and which meet certain standards under Green Building Rating System; requirements and limitations; regulations.

1. Except as otherwise provided in this section, the Director of the Office of Energy shall grant a partial abatement from the portion of taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, on an existing building or other structure which is renovated for use by a manufacturer if:

(a) The building or other structure is determined after the renovation 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.

(b) The applicant:

(1) Is a manufacturer who intends to locate a new manufacturing business in this State;

(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



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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) Office of 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 determine whether the building or other structure is eligible for the abatement and, if so, forward a certificate of eligibility for the abatement to the:

(a) Department of Taxation;

(b) County assessor;

(c) County treasurer; and

(d) Office of Economic Development.

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

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

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



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

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

4. The partial abatement:

(a) Must be for a duration not to exceed 1 year, 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) Office of Economic Development.

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 (d) 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.

6. As used in this section:

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

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

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

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

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

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

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

Section 21 of chapter 298, Statutes of Nevada 2011:

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

