

Senate Bill No. 507–Committee on Revenue  
and Economic Development

CHAPTER.....

AN ACT relating to economic development; authorizing the Executive Director of the Office of Economic Development and the Board of Economic Development to approve and issue transferable tax credits to certain businesses intending to locate or expand in this State; revising certain reporting requirements regarding economic development; clarifying certain provisions governing grants or loans of money from the Catalyst Account in the State General Fund to promote economic development; allowing certain counties and cities approved for grants or loans of money from the Catalyst Account to surrender the grants or loans in exchange for the issuance of transferable tax credits under certain circumstances; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law creates the Catalyst Account in the State General Fund to promote the economic development of this State and authorizes the Board of Economic Development and the Executive Director of the Office of Economic Development to make grants or loans of money from the Catalyst Account to counties and incorporated cities. To obtain a grant or loan from the Catalyst Account, a county or an incorporated city must submit an application in accordance with the procedures established by the Executive Director. The application may be approved if the Board, or the Executive Director under certain circumstances, determines that approval of the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development. Finally, the Executive Director must submit an annual report to the Governor and the Legislative Branch concerning the amount of grants and loans awarded from the Catalyst Account, the number of businesses created or expanded in this State because of those grants or loans and the number of jobs created or saved because of those grants or loans. (NRS 231.1573, 231.1577)

**Section 2** of this bill authorizes the Board and the Executive Director to approve and issue transferable tax credits to new or expanding businesses in Nevada to promote the economic development of this State. Under **section 2**, a business that intends to locate or expand in Nevada may apply to the Office of Economic Development for transferable tax credits in accordance with procedures established by the Executive Director in consultation with the Board. The application may be approved if the Board, or the Executive Director under certain circumstances, determines that approval of the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development and the business satisfies the criteria established by the Executive Director for the issuance of transferable tax credits. **Section 2** also provides that the Board and the Executive Director may not approve applications for transferable tax credits that exceed certain amounts in a fiscal year.

**Section 3** of this bill expands the Executive Director's annual report to the Governor and the Legislative Branch regarding the Catalyst Account to include



information regarding the issuance of transferable tax credits to new or expanding businesses. **Sections 4 and 5** of this bill revise existing provisions governing economic development to account for the new provisions regarding the issuance of transferable tax credits, and **section 6** of this bill clarifies existing provisions governing grants or loans from the Catalyst Account so that those provisions are consistent with the new provisions regarding the issuance of transferable tax credits.

Finally, **section 7** of this bill permits a county or an incorporated city whose application for a grant or loan from the Catalyst Account was approved before the effective date of this bill to surrender the grant or loan, or any portion thereof, in exchange for the issuance of transferable tax credits under **section 2** upon such terms and conditions as agreed to by the Executive Director and the parties to any contracts involving the grant or loan.

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

**Section 1.** Chapter 231 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

**Sec. 2. 1. *A person who intends to locate or expand a business in this State may apply to the Office for a certificate of eligibility for transferable tax credits which may be applied to:***

***(a) Any tax imposed by chapter 363A or 363B of NRS;***

***(b) The gaming license fee imposed by the provisions of NRS 463.370;***

***(c) Any tax imposed by chapter 680B of NRS; or***

***(d) Any combination of the fees and taxes described in paragraphs (a), (b) and (c).***

**2. *After considering any advice and recommendations of the Board, the Executive Director shall establish:***

***(a) Procedures for applying to the Office for a certificate of eligibility for transferable tax credits which must:***

***(I) Include, without limitation, a requirement that the applicant set forth in the application:***

***(I) The proposed use of the transferable tax credits;***

***(II) The plans, projects and programs for which the transferable tax credits will be used;***

***(III) The expected benefits of the issuance of the transferable tax credits; and***

***(IV) A statement of the short-term and long-term impacts of the issuance of the transferable tax credits; and***

***(2) Allow the applicant to revise the application upon the recommendation of the Executive Director.***



*(b) The criteria which a person to whom a certificate of eligibility for transferable tax credits has been issued must satisfy to be issued a certificate of transferable tax credits.*

*3. After receipt of an application pursuant to this section, the Executive Director shall review and evaluate the application and determine whether the approval of the application would promote the economic development of this State and aid the implementation of the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053.*

*4. If the applicant is requesting transferable tax credits in an amount of \$100,000 or less, the Executive Director may approve the application, subject to the provisions of subsection 6, if the Executive Director determines that approving the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development.*

*5. If the applicant is requesting transferable tax credits in an amount greater than \$100,000, the Executive Director shall submit the application and the Executive Director's review and evaluation of the application pursuant to subsection 3 to the Board, and the Board may approve the application, subject to the provisions of subsection 6, if the Board determines that approving the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development.*

*6. The Executive Director or the Board shall not approve any application for transferable tax credits for:*

*(a) A period of more than 5 fiscal years; or*

*(b) Any fiscal year if the approval of the application would cause the total amount of transferable tax credits issued pursuant to this section to exceed:*

*(1) For Fiscal Year 2015-2016, \$500,000.*

*(2) For Fiscal Year 2016-2017, \$2,000,000.*

*(3) For a fiscal year beginning on or after July 1, 2017, \$5,000,000.*

*7. If the Executive Director or the Board approves an application and issues a certificate of eligibility for transferable tax credits, the Office shall immediately forward a copy of the certificate of eligibility which identifies the estimated amount of the tax credits available pursuant to this section to:*

*(a) The applicant;*

*(b) The Department of Taxation; and*

*(c) The State Gaming Control Board.*



8. *Within 14 days after the Office determines that a person to whom a certificate of eligibility for transferable tax credits has been issued satisfies the criteria established by the Executive Director pursuant to subsection 2, the Office shall notify the person that transferable tax credits will be issued. Within 30 days after the receipt of the notice, the person shall make an irrevocable declaration of the amount of transferable tax credits that will be applied to each fee or tax set forth in paragraphs (a), (b) and (c) of subsection 1, thereby accounting for all of the credits which will be issued. Upon receipt of the declaration, the Office shall issue to the person a certificate of transferable tax credits in the amount approved by the Executive Director or the Board, as applicable, for the fees or taxes included in the declaration. The Office shall notify the Department of Taxation and the State Gaming Control Board of all transferable tax credits issued, segregated by each fee or tax set forth in paragraphs (a), (b) and (c) of subsection 1, and the amount of any transferable tax credits transferred.*

**Sec. 3.** *1. On or before November 1 of each year, the Executive Director shall submit a report that includes the information required by this section to:*

*(a) The Governor; and*

*(b) The Director of the Legislative Counsel Bureau for transmittal to:*

*(1) The Interim Finance Committee if the report is received during an odd-numbered year; or*

*(2) The next regular session of the Legislature if the report is received during an even-numbered year.*

*2. The report must include, without limitation:*

*(a) The amount of all grants, gifts and donations of money to the Catalyst Account created by NRS 231.1573 which have been applied for and accepted from public and private sources;*

*(b) The amount of all grants and loans of money from the Catalyst Account which have been approved by the Executive Director or the Board pursuant to NRS 231.1577;*

*(c) The amount of all transferable tax credits which have been approved by the Executive Director or the Board pursuant to section 2 of this act;*

*(d) The number of businesses which have been created or expanded in this State, or which have located to this State, because of grants and loans of money from the Catalyst Account approved pursuant to NRS 231.1577 or transferable tax credits approved pursuant to section 2 of this act; and*



*(e) The number of jobs which have been created or saved because of grants and loans of money from the Catalyst Account approved pursuant to NRS 231.1577 or transferable tax credits approved pursuant to section 2 of this act.*

**Sec. 4.** NRS 231.005 is hereby amended to read as follows:

231.005 **1.** “Development resource” means any funding or other resource for economic development, including, without limitation, a structured lease of real property.

**2.** The term does not include any ~~funding~~ :

*(a) Funding* for administrative or operating purposes ~~for any grant, loan or allocation~~ ;

*(b) Grant or loan* of money from the Catalyst Account created by NRS 231.1573 ~~for~~ ;

*(c) Issuance of a certificate of eligibility for transferable tax credits or a certificate of transferable tax credits pursuant to section 2 of this act; or*

*(d) Allocation of money from* the Knowledge Account created by NRS 231.1592.

**Sec. 5.** NRS 231.053 is hereby amended to read as follows:

231.053 After considering any ~~pertinent~~ advice and recommendations of the Board, the Executive Director:

1. Shall direct and supervise the administrative and technical activities of the Office.

2. Shall develop and may periodically revise a State Plan for Economic Development, which must include a statement of:

(a) New industries which have the potential to be developed in this State;

(b) The strengths and weaknesses of this State for business incubation;

(c) The competitive advantages and weaknesses of this State;

(d) The manner in which this State can leverage its competitive advantages and address its competitive weaknesses;

(e) A strategy to encourage the creation and expansion of businesses in this State and the relocation of businesses to this State; and

(f) Potential partners for the implementation of the strategy, including, without limitation, the Federal Government, local governments, local and regional organizations for economic development, chambers of commerce, and private businesses, investors and nonprofit entities.

3. Shall develop criteria for the designation of regional development authorities pursuant to subsection 4.



4. Shall designate as many regional development authorities for each region of this State as the Executive Director determines to be appropriate to implement the State Plan for Economic Development. In designating regional development authorities, the Executive Director must consult with local governmental entities affected by the designation. The Executive Director may, if he or she determines that such action would aid in the implementation of the State Plan for Economic Development, remove the designation of any regional development authority previously designated pursuant to this section and declare void any contract between the Office and that regional development authority.

5. Shall establish procedures for entering into contracts with regional development authorities to provide services to aid, promote and encourage the economic development of this State.

6. May apply for and accept any gift, donation, bequest, grant or other source of money to carry out the provisions of NRS 231.020 to 231.139, inclusive, and 231.1573 to 231.1597, inclusive ~~§~~, and sections 2 and 3 of this act.

7. May adopt such regulations as may be necessary to carry out the provisions of NRS 231.020 to 231.139, inclusive, and 231.1573 to 231.1597, inclusive ~~§~~, and sections 2 and 3 of this act.

8. In a manner consistent with the laws of this State, may reorganize the programs of economic development in this State to further the State Plan for Economic Development. If, in the opinion of the Executive Director, changes to the laws of this State are necessary to implement the economic development strategy for this State, the Executive Director must recommend the changes to the Governor and the Legislature.

**Sec. 6.** NRS 231.1577 is hereby amended to read as follows:

231.1577 1. ~~§~~ ~~The~~ After considering any advice and recommendations of the Board, the Executive Director shall ~~§~~ ~~after considering the advice and recommendations of the Board,~~ establish procedures for applying to the Office for a grant or loan of money from the Catalyst Account created by NRS 231.1573. The procedures must:

(a) Include, without limitation, a requirement that applications for grants or loans must set forth:

- (1) The proposed use of the grant or loan;
- (2) The plans, projects and programs for which the grant or loan will be used;
- (3) The expected benefits of the grant or loan; and
- (4) A statement of the short-term and long-term impacts of the use of the grant or loan; and



(b) Allow ~~that~~ *the* applicant to revise ~~this or her~~ *the* application upon the recommendation of the Executive Director.

2. In accordance with the procedures established pursuant to subsection 1, any county or incorporated city in this State may apply for a grant or loan of money from the Catalyst Account.

3. ~~Upon~~ *After* receipt of an application pursuant to ~~subsection 2,~~ *this section,* the Executive Director shall review *and evaluate* the application and determine whether the approval of the application would promote the economic development of this State and aid the implementation of the State Plan for Economic Development developed by the Executive Director pursuant to subsection 2 of NRS 231.053.

4. *If the applicant is requesting \$100,000 or less, the Executive Director may approve the application and make a grant or loan of money from the Catalyst Account to the applicant if* the Executive Director determines that approving the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development. ~~the Executive Director may approve the application and make a grant or loan of money from the Catalyst Account to the applicant if the applicant is requesting \$100,000 or less.~~

5. If the applicant is requesting more than \$100,000, *the Executive Director shall submit the application and the Executive Director's review and evaluation of the application pursuant to subsection 3 to the Board, and* the Board may approve the application and make a grant or loan of money from the Catalyst Account to the applicant ~~to~~.

~~4. On or before November 1, 2012, and on or before November 1 of every year thereafter, the Executive Director shall submit a report to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the Interim Finance Committee, if the report is received during an odd-numbered year, or to the next session of the Legislature, if the report is received during an even-numbered year. The report must include, without limitation:~~

~~—(a) The amount of grants and loans awarded from the Catalyst Account;~~

~~—(b) The amount of all grants, gifts and donations to the Catalyst Account from public and private sources;~~

~~—(c) The number of businesses which have been created or expanded in this State, or which have relocated to this State, because of grants and loans from the Catalyst Account; and~~



~~—(d) The number of jobs which have been created or saved because of grants and loans from the Catalyst Account.~~ *if the Board determines that approving the application will promote the economic development of this State and aid the implementation of the State Plan for Economic Development.*

**Sec. 7.** 1. Notwithstanding any other provisions of law, but subject to the provisions of subsection 2, if, before the effective date of this act, the Executive Director of the Office of Economic Development or the Board of Economic Development approved any application received from a county or an incorporated city pursuant to NRS 231.1577 for a grant or loan of money from the Catalyst Account created by NRS 231.1573, the county or incorporated city may, upon the approval of the Executive Director and the agreement of the parties to any contracts involving the grant or loan, surrender the grant or loan, or any portion thereof, in exchange for the approval and issuance of a certificate of eligibility for transferable tax credits pursuant to section 2 of this act upon such terms and conditions as agreed to by the Executive Director and the parties to any contracts involving the grant or loan.

2. The amount of any transferable tax credits approved for a fiscal year pursuant to this section must be considered in determining the total amount of transferable tax credits which the Executive Director or the Board may approve for that fiscal year pursuant to section 2 of this act.

**Sec. 8.** The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

**Sec. 9.** This act becomes effective upon passage and approval.

