

ASSEMBLY BILL NO. 36—COMMITTEE ON TAXATION

(ON BEHALF OF THE OFFICE OF ECONOMIC DEVELOPMENT  
IN THE OFFICE OF THE GOVERNOR)

PREFILED NOVEMBER 16, 2018

Referred to Committee on Taxation

**SUMMARY**—Revises provisions governing the partial abatement of various taxes imposed on aircraft, components of aircraft and other personal property related to aircraft. (BDR 32-330)

**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 economic development; revising provisions governing eligibility for a partial abatement of certain taxes imposed on aircraft, components of aircraft and other personal property related to aircraft; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law authorizes the Office of Economic Development to grant a partial abatement of personal property taxes and sales and use taxes to an aircraft-related business that locates or expands in this State and meets certain qualifications for the abatement. Under existing law, an aircraft-related business applying for this partial abatement of taxes meets the requirements for the partial abatement if, among other criteria, the business will employ a certain number of persons in this State or expand its employment of persons in this state by a certain amount, pays its employees at least the average hourly wage in this State and offers health insurance to its employees in this State and the dependents of those employees. However, under existing law, an aircraft-related business is not eligible for a partial abatement of personal property taxes if the physical property of the business is of an interstate or intercounty nature and is used to provide scheduled or unscheduled air transport. (NRS 360.753) This bill provides that an aircraft-related business whose physical property is of an interstate or intercounty nature and is used to provide scheduled or unscheduled air transport is eligible for the partial abatement if the business meets the requirements for the abatement under existing law and is regulated under existing federal regulations governing the operation of: (1) airplanes having a



18 seating configuration of 20 or more passengers or a maximum payload capacity of  
19 6,000 pounds or more; or (2) certain commuter or on-demand flights.

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

1     **Section 1.** NRS 360.753 is hereby amended to read as follows:

2     360.753 1. An owner of a business or a person who intends  
3 to locate or expand a business in this State may apply to the Office  
4 of Economic Development pursuant to this section for a partial  
5 abatement of one or more of:

6     (a) The personal property taxes imposed on an aircraft and the  
7 personal property used to own, operate, manufacture, service,  
8 maintain, test, repair, overhaul or assemble an aircraft or any  
9 component of an aircraft; and

10    (b) The local sales and use taxes imposed on the purchase of  
11 tangible personal property used to operate, manufacture, service,  
12 maintain, test, repair, overhaul or assemble an aircraft or any  
13 component of an aircraft.

14    2. Notwithstanding the provisions of any law to the contrary  
15 and except as otherwise provided in subsections 3 and 4, the Office  
16 of Economic Development shall approve an application for a partial  
17 abatement if the Office makes the following determinations:

18    (a) The applicant has executed an agreement with the Office  
19 which:

20       (1) Complies with the requirements of NRS 360.755;

21       (2) States the date on which the abatement becomes  
22 effective, as agreed to by the applicant and the Office, which must  
23 not be earlier than the date on which the Office received the  
24 application;

25       (3) States that the business will, after the date on which a  
26 certificate of eligibility for the partial abatement is issued pursuant  
27 to subsection 5, continue in operation in this State for a period  
28 specified by the Office, which must be not less than 5 years, and  
29 will continue to meet the eligibility requirements set forth in this  
30 subsection; and

31       (4) Binds any successor in interest of the applicant for the  
32 specified period;

33    (b) The business is registered pursuant to the laws of this State  
34 or the applicant commits to obtaining a valid business license and all  
35 other permits required by the county, city or town in which the  
36 business operates;

37    (c) The business owns, operates, manufactures, services,  
38 maintains, tests, repairs, overhauls or assembles an aircraft or any  
39 component of an aircraft;



(d) The average hourly wage that will be paid by the business to its employees in this State during the period of partial abatement is not less than 100 percent of the average statewide hourly wage as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year;

(e) The business will, by the eighth calendar quarter following the calendar quarter in which the abatement becomes effective, offer a health insurance plan for all employees that includes an option for health insurance coverage for dependents of the employees, and the health care benefits the business offers to its employees in this State will meet the minimum requirements for health care benefits established by the Office;

(f) If the business is:

(1) A new business, that it will have five or more full-time employees on the payroll of the business within 1 year after receiving its certificate of eligibility for a partial abatement; or

(2) An existing business, that it will increase its number of full-time employees on the payroll of the business in this State by 3 percent or three employees, whichever is greater, within 1 year after receiving its certificate of eligibility for a partial abatement; and

(g) The business meets at least one of the following requirements:

(1) The business will make a new capital investment of at least \$250,000 in this State within 1 year after receiving its certificate of eligibility for a partial abatement.

(2) The business will maintain and possess in this State tangible personal property having a value of not less than \$5,000,000 during the period of partial abatement.

(3) The business develops, refines or owns a patent or other intellectual property, or has been issued a type certificate by the Federal Aviation Administration pursuant to 14 C.F.R. Part 21.

3. The Office of Economic Development:

(a) Shall approve or deny an application submitted pursuant to this section and notify the applicant of its decision not later than 45 days after receiving the application.

(b) Must not:

(1) Consider an application for a partial abatement unless the Office has requested a letter of acknowledgment of the request for the partial abatement from any affected county, school district, city or town and has complied with the requirements of NRS 360.757; or

(2) Approve a partial abatement for any applicant for a period of more than 20 years.

4. The Office of Economic Development must not approve a partial abatement of personal property taxes for a business whose



1 physical property is collectively valued and centrally assessed  
2 pursuant to NRS 361.320 and 361.3205 **H**, *unless the business is*  
3 *regulated under 14 C.F.R. Part 125 or 135.*

4 5. If the Office of Economic Development approves an  
5 application for a partial abatement pursuant to this section, the  
6 Office shall immediately forward a certificate of eligibility for the  
7 partial abatement to:

8 (a) The Department;

9 (b) The Nevada Tax Commission; and

10 (c) If the partial abatement is from personal property taxes, the  
11 appropriate county treasurer.

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

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

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

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

24 ➡ the business shall repay to the Department or, if the partial  
25 abatement was from personal property taxes, to the appropriate  
26 county treasurer, the amount of the partial abatement that was  
27 allowed pursuant to this section before the failure of the business to  
28 comply unless the Nevada Tax Commission determines that the  
29 business has substantially complied with the requirements of this  
30 section. Except as otherwise provided in NRS 360.232 and 360.320,  
31 the business shall, in addition to the amount of the partial abatement  
32 required to be repaid pursuant to this subsection, pay interest on the  
33 amount due at the rate most recently established pursuant to NRS  
34 99.040 for each month, or portion thereof, from the last day of the  
35 month following the period for which the payment would have been  
36 made had the partial abatement not been approved until the date of  
37 payment of the tax.

38 8. The Office of Economic Development may adopt such  
39 regulations as the Office determines to be necessary to carry out the  
40 provisions of this section.

41 9. The Nevada Tax Commission may adopt such regulations as  
42 the Commission determines are necessary to carry out the provisions  
43 of this section.

44 10. An applicant for a partial abatement who is aggrieved by a  
45 final decision of the Office of Economic Development may petition



1 a court of competent jurisdiction to review the decision in the  
2 manner provided in chapter 233B of NRS.

3 11. If the Office of Economic Development approves an  
4 application for a partial abatement of local sales and use taxes  
5 pursuant to this section, the Department shall issue to the business a  
6 document certifying the partial abatement which can be presented to  
7 retailers and customers of the business at the time of sale. The  
8 document must clearly state that the purchaser is only required to  
9 pay sales and use taxes imposed in this State at the rate of 2 percent.

10 12. As used in this section:

11 (a) "Aircraft" means any fixed-wing, rotary-wing or unmanned  
12 aerial vehicle.

13 (b) "Component of an aircraft" means any:

14 (1) Element that makes up the physical structure of an  
15 aircraft, or is affixed thereto;

16 (2) Mechanical, electrical or other system of an aircraft,  
17 including, without limitation, any component thereof; and

18 (3) Raw material or processed material, part, machinery,  
19 tool, chemical, gas or equipment used to operate, manufacture,  
20 service, maintain, test, repair, overhaul or assemble an aircraft or  
21 component of an aircraft.

22 (c) "Full-time employee" means a person who is in a permanent  
23 position of employment and works an average of 30 hours per week  
24 during the applicable period set forth in subparagraph (3) of  
25 paragraph (a) of subsection 2.

26 (d) "Local sales and use taxes" means any taxes imposed on the  
27 gross receipts of any retailer from the sale of tangible personal  
28 property sold at retail, or stored, used or otherwise consumed, in any  
29 political subdivision of this State, except the taxes imposed by the  
30 Sales and Use Tax Act.

31 (e) "Personal property taxes" means any taxes levied on  
32 personal property by the State or a local government pursuant to  
33 chapter 361 of NRS.

34 **Sec. 2.** This act becomes effective on July 1, 2019, and expires  
35 by limitation on June 30, 2035.

