

SENATE BILL NO. 1—COMMITTEE OF THE WHOLE

SEPTEMBER 10, 2014

Referred to Committee of the Whole

SUMMARY—Revises provisions relating to commerce.
(BDR 32-14)

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 commerce; authorizing a lead participant, on behalf of one or more participants in a project who undertake a common purpose or business endeavor in this State, to apply to the Office of Economic Development for the issuance of transferable tax credits and the abatement of employer excise taxes and certain property taxes and local sales and use taxes; providing that eligibility for such economic development incentives, in part, requires the participants in a qualified project collectively to invest at least \$3.5 billion in this State within the 10-year period immediately following the approval of the application; authorizing the Office to approve and issue a certificate of transferable tax credits to the lead participant in a qualified project; providing for the calculation of the amount of the transferable tax credits; requiring the lead participant in a qualified project to return any portion of transferable tax credits or abatements of taxes to which the lead participant is not entitled; requiring the Office to prepare and submit to the Legislature certain reports relating to the economic development incentives provided to qualified projects; authorizing the governing body of a city or county to grant abatements of certain permitting and licensing fees imposed or charged by the city or county; authorizing under certain circumstances the pledge of certain sales and use tax proceeds for certain districts for the promotion of economic diversification; revising provisions relating to the issuance of transferable tax credits to a producer who produces a qualified film or other production in this State; and providing other matters properly relating thereto.



* S B 1 R 1 *

1 **Legislative Counsel's Digest:**

2 **Sections 2-17** of this bill authorize the Office of Economic Development to
3 approve applications for abatements of certain taxes and the issuance of
4 transferable tax credits submitted by the lead participant engaged in a qualified
5 project with other participants for a common purpose or business endeavor and
6 which is located within the geographic boundaries of a single project site in this
7 State. **Section 11** authorizes the lead participant in a project to, on behalf of the
8 project, apply to the Office for these economic development incentives. **Section 12**
9 requires the Office to approve such an application for a qualified project if, in
10 addition to certain other requirements: (1) the project would promote the economic
11 development of this State and aid the implementation of the State Plan for
12 Economic Development; (2) the participants in the project agree collectively to
13 make a total new capital investment in this State of at least \$3.5 billion during the
14 10-year period immediately following approval of the application; and (3) at least
15 50 percent of the employees engaged in the construction of the project and 50
16 percent of the employees employed at the project are residents of Nevada. **Section**
17 **12** further provides that any action by the Office concerning an application must be
18 taken at a public meeting.

19 Upon approval of an application, **section 13** requires the Office to issue to the
20 lead participant in the qualified project a certificate of eligibility for transferable tax
21 credits. **Section 13** provides that a project is eligible for transferable tax credits: (1)
22 in the amount of \$12,500 for each qualified employee employed by the participants
23 in the project; (2) in the amount of 5 percent of the first \$1 billion of new capital
24 investment in this State made collectively by the participants in the qualified
25 project; and (3) in the amount of 2.8 percent of the next \$2.5 billion of new capital
26 investment in this State made collectively by the participants in the qualified
27 project. **Section 13** also sets forth the criteria for determining whether an employee
28 is a qualified employee. **Section 14** sets forth limitations on the amount of
29 transferable tax credits which may be approved in any fiscal year and provides that
30 the total amount of transferable tax credits which may be approved pursuant to this
31 bill must not exceed \$195,000,000. **Section 14** also prohibits the Office from
32 approving any applications for transferable tax credits for any fiscal year beginning
33 on or after July 1, 2022.

34 **Section 11** provides that the transferable tax credits may be applied to: (1) the
35 excise tax on banks and payroll taxes imposed by chapters 363A and 363B of NRS;
36 (2) the gaming license fees imposed by the provisions of NRS 463.370; (3) the
37 general tax on insurance premiums imposed by chapter 680B of NRS; or (4) any
38 combination of such taxes and fees. Additionally, **section 11** requires that the lead
39 participant in a qualified project annually provide the Office with an audit of the
40 qualified project that is certified by an independent certified public accountant in
41 this State who is approved by the Office.

42 If the Office approves an application, **section 15** provides that the lead
43 participant in the qualified project is entitled to the abatement of property taxes and
44 employer excise taxes for a period of not more than 10 years after the date on
45 which the application is submitted and in an amount equal to the property taxes and
46 employer excise taxes that would otherwise be owed for the qualified project.
47 Additionally, **section 15** provides that the lead participant is entitled to the
48 abatement of certain local sales and use taxes for a period of not more than 20 years
49 and in an amount equal to those local sales and use taxes that would otherwise be
50 owed in the county in which the qualified project is located.

51 **Section 16** requires the lead participant in a qualified project to repay any
52 portion of transferable tax credits and any portion of an abatement to which the lead
53 participant is not entitled if the Office determines that the lead participant becomes
54 ineligible for the incentives. **Section 17** requires the Office to make and submit to
55 the Legislature certain reports concerning any economic development incentives



56 provided to a qualified project pursuant to **sections 2-17**. **Section 17** also requires
57 the Office to, upon request, make available to the Legislature any information
58 concerning a qualified project or a participant in a qualified project.

59 **Section 18** of this bill authorizes the governing body of a city or county to grant
60 to one or more participants in a qualified project an abatement of all or any
61 percentage of the amount of certain permitting fees and licensing fees imposed by
62 the city or county if the governing body provides by ordinance for a pilot project
63 for the abatement of such fees. **Section 18** also requires each local government that
64 grants such an abatement to make and submit to the Legislature annual reports
65 concerning the abatements.

66 Existing law authorizes a producer that produces a film, television or other
67 media production in this State to apply, on or before December 31, 2017, to the
68 Office for a certificate of transferable tax credits. (NRS 360.759) **Section 21** of this
69 bill revises from \$80,000,000 to \$10,000,000 the cumulative amount of such
70 transferable tax credits which the Office may approve pursuant to NRS 360.759.

71 **Sections 25-36** of this bill authorize the governing body of a county or city in
72 which a qualified project is or is expected to be located to create an economic
73 diversification district that includes within its boundaries the qualified project.
74 Under **section 31**, a governing body which creates such an economic
75 diversification district may pledge an amount equal to the proceeds of all sales and
76 use taxes imposed on or owed by each participant in the qualified project with
77 regard to tangible personal property purchased in the county or city for use in the
78 district, or stored, used or otherwise consumed in the district by a participant,
79 during a fiscal year, other than any local sales and use taxes for which the lead
80 participant is receiving an abatement. Such money would be pledged to the
81 purposes authorized by **section 33** and set forth in the agreement entered into by the
82 county or city pursuant to that section. **Section 32** requires a governing body which
83 adopts an ordinance creating an economic diversification district and the
84 Department of Taxation to enter into an agreement specifying the dates and
85 procedures for the distribution to the county or city of the money pledged for use in
86 the economic diversification district. **Section 33** authorizes the county or city to
87 enter into an agreement, which must terminate after a period of not more than 20
88 years, with the lead participant in the qualified project located in the district for the
89 cost of acquiring, improving or equipping, or any combination, the qualified
90 project. **Section 35** authorizes the governing body of the county or city to enter into
91 an agreement with one or more owners of any interest in property in the district for
92 the payment of amounts to defray, in whole or in part, the costs of local
93 governmental services provided to the district.

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

1 **Section 1.** Chapter 360 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 18, inclusive, of this
3 act.

4 **Sec. 2.** *As used in sections 2 to 18, inclusive, of this act,*
5 *unless the context otherwise requires, the words and terms defined*
6 *in sections 3 to 10, inclusive, of this act have the meanings*
7 *ascribed to them in those sections.*

8 **Sec. 3.** *“Capital investment” means all costs and expenses*
9 *incurred by the participants in a qualified project in connection*



1 *with the acquisition, construction, installation and equipping of*
2 *the qualified project.*

3 **Sec. 4.** *“Employer excise taxes” means the taxes imposed on*
4 *the wages paid by an employer pursuant to chapter 363A or 363B*
5 *of NRS.*

6 **Sec. 5.** *“Lead participant” means the participant designated*
7 *by the participants in a project as the lead participant in an*
8 *application submitted pursuant to section 11 of this act.*

9 **Sec. 6.** *“Local sales and use taxes” means only the taxes*
10 *imposed pursuant to chapters 374 and 377 of NRS on the gross*
11 *receipts of any retailer from the sale of tangible personal property*
12 *sold at retail, or stored, used or otherwise consumed, in the county*
13 *in which the qualified project is located. The term does not include*
14 *the taxes imposed by the Sales and Use Tax Act.*

15 **Sec. 7.** *“Participant” means a business which operates*
16 *within the geographic boundaries of a project site and which*
17 *contributes to or participates in the project.*

18 **Sec. 8.** *“Project” means a project undertaken by a business*
19 *or group of businesses:*

20 *1. Located within the geographic boundaries of a single*
21 *project site in this State; and*

22 *2. Engaged in a common purpose or business endeavor.*

23 **Sec. 9.** *“Property taxes” means any taxes levied by the State*
24 *or a local government pursuant to the provisions of chapter 361 of*
25 *NRS.*

26 **Sec. 10.** *“Qualified project” means a project which the*
27 *Office of Economic Development determines meets all the*
28 *requirements set forth in subsections 2, 3 and 4 of section 11 of*
29 *this act.*

30 **Sec. 11.** *1. On behalf of a project, the lead participant in*
31 *the project may apply to the Office of Economic Development for:*

32 *(a) A certificate of eligibility for transferable tax credits which*
33 *may be applied to:*

34 *(1) Any tax imposed by chapters 363A and 363B of NRS;*

35 *(2) The gaming license fees imposed by the provisions of*
36 *NRS 463.370;*

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

38 *(4) Any combination of the fees and taxes described in*
39 *subparagraphs (1), (2) and (3).*

40 *(b) An abatement of property taxes, employer excise taxes or*
41 *local sales and use taxes, or any combination of any of those*
42 *taxes.*

43 *2. For a project to be eligible for the transferable tax credits*
44 *described in paragraph (a) of subsection 1 and abatement of the*



1 *taxes described in paragraph (b) of subsection 1, the lead*
2 *participant in the project must, on behalf of the project:*

3 *(a) Submit an application that meets the requirements of*
4 *subsection 3;*

5 *(b) Provide documentation satisfactory to the Office that*
6 *approval of the application would promote the economic*
7 *development of this State and aid the implementation of the State*
8 *Plan for Economic Development developed by the Executive*
9 *Director of the Office pursuant to subsection 2 of NRS 231.053;*

10 *(c) Provide documentation satisfactory to the Office that the*
11 *participants in the project collectively will make a total new capital*
12 *investment of at least \$3.5 billion in this State within the 10-year*
13 *period immediately following approval of the application;*

14 *(d) Provide documentation satisfactory to the Office that the*
15 *participants in the project are engaged in a common purpose or*
16 *business endeavor;*

17 *(e) Provide documentation satisfactory to the Office that the*
18 *place of business of each participant is or will be located within*
19 *the geographic boundaries of the project site;*

20 *(f) Provide documentation satisfactory to the Office that each*
21 *participant in the project is registered pursuant to the laws of this*
22 *State or commits to obtaining a valid business license and all other*
23 *permits required by the county, city or town in which the project*
24 *operates;*

25 *(g) Provide documentation satisfactory to the Office of the*
26 *number of employees engaged or anticipated to be engaged in the*
27 *construction of the project;*

28 *(h) Provide documentation satisfactory to the Office of the*
29 *number of qualified employees employed or anticipated to be*
30 *employed at the project by the participants;*

31 *(i) Provide documentation satisfactory to the Office that each*
32 *employer engaged in the construction of the project provides a*
33 *plan of health insurance and that each employee engaged in the*
34 *construction of the project is offered coverage under the plan of*
35 *health insurance provided by his or her employer;*

36 *(j) Provide documentation satisfactory to the Office that each*
37 *participant in the project provides a plan of health insurance and*
38 *that each employee employed at the project by each participant is*
39 *offered coverage under the plan of health insurance provided by*
40 *his or her employer;*

41 *(k) Provide documentation satisfactory to the Office that at*
42 *least 50 percent of the employees engaged or anticipated to be*
43 *engaged in construction of the project and 50 percent of the*
44 *employees employed at the project are residents of Nevada, unless*
45 *waived by the Executive Director of the Office upon proof*



1 *satisfactory to the Executive Director of the Office that there is an*
2 *insufficient number of Nevada residents available and qualified*
3 *for such employment;*

4 *(l) Agree to provide the Office with a full compliance audit of*
5 *the participants in the project at the end of each fiscal year which:*

6 *(1) Shows the amount of money invested in this State by*
7 *each participant in the project;*

8 *(2) Shows the number of employees engaged in the*
9 *construction of the project and the number of those employees*
10 *who are residents of Nevada;*

11 *(3) Shows the number of employees employed at the project*
12 *by each participant and the number of those employees who are*
13 *residents of Nevada; and*

14 *(4) Is certified by an independent certified public*
15 *accountant in this State who is approved by the Office;*

16 *(m) Pay the cost of the audit required by paragraph (l); and*

17 *(n) Meet any other requirements prescribed by the Office.*

18 *3. An application submitted pursuant to subsection 2 must*
19 *include:*

20 *(a) A detailed description of the project, including a*
21 *description of the common purpose or business endeavor in which*
22 *the participants in the project are engaged;*

23 *(b) A detailed description of the location of the project,*
24 *including a precise description of the geographic boundaries of*
25 *the project site;*

26 *(c) The name and business address of each participant in the*
27 *project, which must be an address in this State;*

28 *(d) A detailed description of the plan by which the participants*
29 *in the project intend to comply with the requirement that the*
30 *participants collectively make a total new capital investment of at*
31 *least \$3.5 billion in this State in the 10-year period immediately*
32 *following approval of the application;*

33 *(e) If the application includes one or more abatements, an*
34 *agreement executed by the Office with the lead participant in the*
35 *project which:*

36 *(1) Complies with the requirements of NRS 360.755;*

37 *(2) States that the project will, after the date on which a*
38 *certificate of eligibility for the abatement is approved pursuant to*
39 *section 15 of this act, continue in operation in this State for a*
40 *period specified by the Office; and*

41 *(3) Binds successors in interest of the lead participant for*
42 *the specified period; and*

43 *(f) Any other information required by the Office.*

44 *4. For an employee to be considered a resident of Nevada for*
45 *the purposes of this section, each participant in the project must*



1 maintain the following documents in the personnel file of the
2 employee:

3 (a) A copy of the current and valid Nevada driver's license of
4 the employee or a current and valid identification card for the
5 employee issued by the Department of Motor Vehicles;

6 (b) If the employee is a registered owner of one or more motor
7 vehicles in Nevada, a copy of the current motor vehicle
8 registration of at least one of those vehicles;

9 (c) Proof that the employee is employed full-time and
10 scheduled to work for an average minimum of 30 hours per week;
11 and

12 (d) Proof that the employee is offered coverage under a plan of
13 health insurance provided by his or her employer.

14 5. For the purpose of obtaining from the Executive Director
15 of the Office any waiver of the requirement set forth in paragraph
16 (k) of subsection 2, the lead participant in the project must submit
17 to the Executive Director of the Office written documentation of
18 the efforts to meet the requirement and documented proof that an
19 insufficient number of Nevada residents is available and qualified
20 for employment.

21 6. The Executive Director of the Office shall make available
22 to the public and post on the Internet website for the Office:

23 (a) Any request for a waiver of the requirements set forth in
24 paragraph (k) of subsection 2; and

25 (b) Any approval of such a request for a waiver that is granted
26 by the Executive Director of the Office.

27 7. The Executive Director of the Office shall post a request
28 for a waiver of the requirements set forth in paragraph (k) of
29 subsection 2 on the Internet website of the Office within 3 days
30 after receiving the request and shall keep the request posted on the
31 Internet website for not less than 5 days. The Executive Director
32 of the Office shall ensure that the Internet website allows members
33 of the public to post comments regarding the request.

34 8. The Executive Director of the Office shall consider any
35 comments posted on the Internet website concerning any request
36 for a waiver of the requirements set forth in paragraph (k) of
37 subsection 2 before making a decision regarding whether to
38 approve the request. If the Executive Director of the Office
39 approves the request for a waiver, the Executive Director of the
40 Office must post the approval on the Internet website of the Office
41 within 3 days and ensure that the Internet website allows members
42 of the public to post comments regarding the approval.

43 **Sec. 12.** 1. If the Office of Economic Development receives
44 an application pursuant to section 11 of this act, the Office:



1 (a) Shall not consider the application unless the Office has
2 requested a letter of acknowledgment of the request for an
3 abatement from any county, school district, city or town which the
4 Office determines may experience a direct economic effect as a
5 result of the abatement.

6 (b) Shall not take any action on the application unless the
7 Office takes that action at a public meeting conducted for that
8 purpose.

9 (c) Shall, at least 30 days before any public meeting conducted
10 for the purpose of taking any action on the application, provide
11 notice of the application and the date, time and location of the
12 public meeting at which the Office will consider the application to:

13 (1) Each participant in the project;

14 (2) The Department;

15 (3) The State Gaming Control Board;

16 (4) The governing body of the county, the board of trustees
17 of the school district and the governing body of the city or town, if
18 any, in which the project will be located;

19 (5) The governing body of any other political subdivision
20 that the Office determines could experience a direct economic
21 effect as a result of the abatement; and

22 (6) The general public.

23 2. The date of the public meeting to consider an application
24 submitted pursuant to section 11 of this act must be not later than
25 60 days after the date on which the Office receives the completed
26 application.

27 3. The Office shall approve an application submitted
28 pursuant to section 11 of this act if the Office finds that the project
29 is a qualified project. The Office shall issue a decision on the
30 application not later than 30 days after the conclusion of the
31 public meeting on the application.

32 4. The lead participant in a qualified project shall submit all
33 accountings and other required information to the Office and the
34 Department not later than 30 days after a date specified in the
35 decision issued by the Office. If the Office or the Department
36 determines that information submitted pursuant to this subsection
37 is incomplete, the lead participant shall, not later than 30 days
38 after receiving notice that the information is incomplete, provide
39 to the Office or the Department, as applicable, all additional
40 information required by the Office or the Department.

41 5. Until the Office of Economic Development provides notice
42 of the application and the public meeting pursuant to paragraph
43 (c) of subsection 1, the information contained in the application
44 provided to the Office of Economic Development:

45 (a) Is confidential proprietary information of the business;



1 (b) *Is not a public record; and*

2 (c) *Must not be disclosed to any person who is not an officer or*
3 *employee of the Office of Economic Development unless the lead*
4 *participant consents to the disclosure.*

5 6. *After the Office provides notice of the application and the*
6 *public meeting pursuant to paragraph (c) of subsection 1:*

7 (a) *The application is a public record; and*

8 (b) *Upon request by any person, the Executive Director of the*
9 *Office shall disclose the application to the person who made the*
10 *request, except for any information in the application that is*
11 *protected from disclosure pursuant to subsection 7.*

12 7. *Before the Executive Director of the Office discloses the*
13 *application to the public, the lead participant may submit a request*
14 *to the Executive Director of the Office to protect from disclosure*
15 *any information in the application which, under generally*
16 *accepted business practices, would be considered a trade secret or*
17 *other confidential proprietary information of the business. After*
18 *consulting with the business, the Executive Director of the Office*
19 *shall determine whether to protect the information from*
20 *disclosure. The decision of the Executive Director of the Office is*
21 *final and is not subject to judicial review. If the Executive Director*
22 *of the Office determines to protect the information from*
23 *disclosure, the protected information:*

24 (a) *Is confidential proprietary information of the business;*

25 (b) *Is not a public record;*

26 (c) *Must be redacted by the Executive Director of the Office*
27 *from any copy of the application that is disclosed to the public;*
28 *and*

29 (d) *Must not be disclosed to any person who is not an officer*
30 *or employee of the Office of Economic Development unless the*
31 *lead participant consents to the disclosure.*

32 **Sec. 13.** 1. *If the Office of Economic Development*
33 *approves an application for a certificate of eligibility for*
34 *transferable tax credits submitted pursuant to paragraph (a) of*
35 *subsection 1 of section 11 of this act, the Office shall immediately*
36 *forward a copy of the certificate of eligibility which identifies the*
37 *estimated amount of the tax credits available pursuant to this*
38 *section to:*

39 (a) *The lead participant in the qualified project;*

40 (b) *The Department; and*

41 (c) *The State Gaming Control Board.*

42 2. *Within 14 business days after receipt of an audit provided*
43 *by the lead participant in the qualified project pursuant to*
44 *paragraph (l) of subsection 2 of section 11 of this act and any*
45 *other accountings or other information required by the Office, the*



1 *Office shall determine whether to certify the audit and make a*
2 *final determination of whether a certificate of transferable tax*
3 *credits will be issued. If the Office certifies the audit and*
4 *determines that all other requirements for the transferable tax*
5 *credits have been met, the Office shall notify the lead participant*
6 *in the qualified project that the transferable tax credits will be*
7 *issued. Within 30 days after the receipt of the notice, the lead*
8 *participant in the qualified project shall make an irrevocable*
9 *declaration of the amount of transferable tax credits that will be*
10 *applied to each fee or tax set forth in subparagraphs (1), (2) and*
11 *(3) of paragraph (a) of subsection 1 of section 11 of this act,*
12 *thereby accounting for all of the credits which will be issued.*
13 *Upon receipt of the declaration, the Office shall issue to the lead*
14 *participant a certificate of transferable tax credits in the amount*
15 *approved by the Office for the fees or taxes included in the*
16 *declaration. The lead participant shall notify the Department upon*
17 *transferring any of the transferable tax credits. The Office shall*
18 *notify the Department and the State Gaming Control Board of all*
19 *transferable tax credits issued, segregated by each fee or tax set*
20 *forth in subparagraphs (1), (2) and (3) of paragraph (a) of*
21 *subsection 1 of section 11 of this act. The Department shall notify*
22 *the Office and the State Gaming Control Board of the amount of*
23 *any transferable tax credits transferred.*

24 *3. A qualified project may be approved for a certificate of*
25 *eligibility for transferable tax credits:*

26 *(a) In the amount of \$12,500 for each qualified employee, up*
27 *to a maximum of 6,000 qualified employees.*

28 *(b) In an amount equal to 5 percent of the first \$1 billion of*
29 *new capital investment in this State made collectively by the*
30 *participants in the qualified project.*

31 *(c) In an amount equal to 2.8 percent of the next \$2.5 billion*
32 *of new capital investment in this State made collectively by the*
33 *participants in the qualified project.*

34 *4. For the purpose of computing the amount of transferable*
35 *tax credits for which a qualified project is eligible pursuant to*
36 *paragraph (a) of subsection 3:*

37 *(a) Each qualified employee must be:*

38 *(1) Employed by a participant at the site of the qualified*
39 *project.*

40 *(2) Employed full-time and scheduled to work for an*
41 *average minimum of 30 hours per week.*

42 *(3) Employed for at least the last 3 consecutive months of*
43 *the fiscal year.*

44 *(4) Offered coverage under a plan of health insurance*
45 *provided by his or her employer.*



1 (b) *The wages for federal income tax purposes reported or*
2 *required to be reported on Form W-2 of the qualified employees of*
3 *the qualified project must be paid at an average rate of \$22 per*
4 *hour.*

5 (c) *An employee engaged solely in the construction of the*
6 *qualified project is deemed not to be a qualified employee.*

7 **Sec. 14.** 1. *Except as otherwise provided in this section, the*
8 *Office of Economic Development shall not approve transferable*
9 *tax credits:*

10 (a) *For Fiscal Year 2015-2016, 2016-2017, 2017-2018,*
11 *2018-2019, 2019-2020, 2020-2021 or 2021-2022, if approval of the*
12 *transferable tax credits would cause the total amount of*
13 *transferable tax credits issued pursuant to sections 2 to 17,*
14 *inclusive, of this act in that Fiscal Year to exceed \$45,000,000.*

15 (b) *For a fiscal year beginning on or after July 1, 2022.*

16 2. *The total amount of transferable tax credits issued*
17 *pursuant to sections 2 to 17, inclusive, of this act to all qualified*
18 *projects in this State must not exceed \$195,000,000.*

19 3. *If in any fiscal year the Office does not approve an amount*
20 *of transferable tax credits equal to the total amount authorized by*
21 *paragraph (a) or (b) of subsection 1, the remaining amount of*
22 *transferable tax credits must be carried forward and made*
23 *available for approval during subsequent fiscal years ending on or*
24 *before June 30, 2022.*

25 4. *Each transferable tax credit issued pursuant to sections 2*
26 *to 17, inclusive, of this act expires 4 years after the date on which*
27 *the transferable tax credit is issued to the lead participant. A*
28 *transferable tax credit issued pursuant to sections 2 to 17,*
29 *inclusive, of this act may be transferred only once.*

30 **Sec. 15.** 1. *If the Office of Economic Development*
31 *approves an application for an abatement of property taxes,*
32 *employer excise taxes or local sales and use taxes submitted*
33 *pursuant to paragraph (b) of subsection 1 of section 11 of this act,*
34 *the Office shall immediately forward a certificate of eligibility for*
35 *the abatement of the taxes described in that paragraph to:*

36 (a) *The Department;*

37 (b) *The Nevada Tax Commission; and*

38 (c) *The county treasurer of the county in which the qualified*
39 *project will be located.*

40 2. *The abatement for the lead participant in the qualified*
41 *project must:*

42 (a) *For property taxes, be for a duration of not more than 10*
43 *years after the date on which the application is submitted and in*
44 *an amount that equals the amount of the property taxes that would*
45 *otherwise be owed by each participant for the qualified project;*



1 (b) For employer excise taxes, be for a duration of not more
2 than 10 years after the date on which the application is submitted
3 and in an amount that equals the amount of the employer excise
4 taxes that would otherwise be owed by each participant for
5 employees employed by the participant for the qualified project;
6 and

7 (c) For local sales and use tax, be for a duration of not more
8 than 20 years after the date on which the application is submitted
9 and in an amount that equals the amount of the local sales and
10 use taxes that would otherwise be owed by each participant in the
11 qualified project.

12 3. If the Office approves an abatement of local sales and use
13 taxes, the Office shall issue to the lead participant in the qualified
14 project a document certifying the abatement which can be
15 presented to retailers at the time of sale. The document must
16 clearly state the rate of sales and use taxes which the purchaser is
17 required to pay in the county in which the abatement is effective.

18 **Sec. 16. 1.** The lead participant in a qualified project shall,
19 upon the request of the Office of Economic Development, furnish
20 the Office with copies of all records necessary to verify that the
21 qualified project meets the eligibility requirements for any
22 transferable tax credits issued pursuant to section 13 of this act
23 and the abatement of any taxes pursuant to section 15 of this act.

24 2. The lead participant shall repay to the Department or the
25 State Gaming Control Board, as applicable, any portion of the
26 transferable tax credits to which the lead participant is not entitled
27 if:

28 (a) The participants in the qualified project collectively fail to
29 make the investment in this State necessary to support the
30 determination by the Executive Director of the Office of Economic
31 Development that the project is a qualified project;

32 (b) The participants in the qualified project collectively fail to
33 employ the number of qualified employees identified in the
34 certificate of eligibility approved for the qualified project;

35 (c) The lead participant submits any false statement,
36 representation or certification in any document submitted for the
37 purpose of obtaining transferable tax credits; or

38 (d) The lead participant otherwise becomes ineligible for
39 transferable tax credits after receiving the transferable tax credits
40 pursuant to sections 2 to 17, inclusive, of this act.

41 3. Transferable tax credits purchased in good faith are not
42 subject to forfeiture unless the transferee submitted fraudulent
43 information in connection with the purchase.

44 4. Notwithstanding any provision of this chapter or chapter
45 361 of NRS, if the lead participant in a qualified project for which



1 *an abatement has been approved pursuant to section 15 of this act*
2 *and is in effect:*

3 *(a) Fails to meet the requirements for eligibility pursuant to*
4 *that section; or*

5 *(b) Ceases operation before the time specified in the agreement*
6 *described in paragraph (e) of subsection 3 of section 11 of this act,*
7 *↳ the lead participant shall repay to the Department or, if the*
8 *abatement is from the property tax imposed by chapter 361 of*
9 *NRS, to the appropriate county treasurer, the amount of the*
10 *abatement that was allowed to the lead participant pursuant to*
11 *section 15 of this act before the failure of the lead participant to*
12 *meet the requirements for eligibility. Except as otherwise provided*
13 *in NRS 360.232 and 360.320, the lead participant shall, in*
14 *addition to the amount of the abatement required to be repaid by*
15 *the lead participant pursuant to this subsection, pay interest on the*
16 *amount due from the lead participant at the rate most recently*
17 *established pursuant to NRS 99.040 for each month, or portion*
18 *thereof, from the last day of the month following the period for*
19 *which the payment would have been made had the abatement not*
20 *been approved until the date of payment of the tax.*

21 *5. The Secretary of State may, upon application by the*
22 *Executive Director of the Office, revoke or suspend the state*
23 *business license of the lead participant in a qualified project which*
24 *is required to repay any portion of transferable tax credits*
25 *pursuant to subsection 2 or the amount of any abatement pursuant*
26 *to subsection 4 and which the Office determines is not in*
27 *compliance with the provisions of this section governing*
28 *repayment. If the state business license of the lead participant in a*
29 *qualified project is suspended or revoked pursuant to this*
30 *subsection, the Secretary of State shall provide written notice of*
31 *the action to the lead participant. The Secretary of State shall not*
32 *reinstate a state business license suspended pursuant to this*
33 *subsection or issue a new state business license to the lead*
34 *participant whose state business license has been revoked*
35 *pursuant to this subsection unless the Executive Director of the*
36 *Office provides proof satisfactory to the Secretary of State that the*
37 *lead participant is in compliance with the requirements of this*
38 *section governing repayment.*

39 *Sec. 17. 1. The Office of Economic Development shall, on*
40 *or before October 1 of each year, prepare and submit to the*
41 *Governor and to the Director of the Legislative Counsel Bureau*
42 *for transmittal to the Legislature an annual report which includes:*

43 *(a) For the immediately preceding fiscal year:*

44 *(1) The number of applications submitted pursuant to*
45 *section 11 of this act;*



1 (2) *The number of qualified projects for which an*
2 *application was approved;*

3 (3) *The amount of transferable tax credits approved;*

4 (4) *The amount of transferable tax credits used;*

5 (5) *The amount of transferable tax credits transferred;*

6 (6) *The amount of transferable tax credits taken against*
7 *each allowable fee or tax, including the actual amount used and*
8 *outstanding, in total and for each qualified project;*

9 (7) *The number of abatements approved;*

10 (8) *The dollar amount of the abatements;*

11 (9) *The number of employees engaged in construction of*
12 *each qualified project who are residents of Nevada and the*
13 *number of employees employed by each participant in a qualified*
14 *project who are residents of Nevada;*

15 (10) *The number of qualified employees employed by each*
16 *participant in a qualified project and the total amount of wages*
17 *paid to those persons; and*

18 (11) *For each qualified project, an assessment of whether*
19 *the participants in the qualified project are making satisfactory*
20 *progress towards meeting the investment requirements necessary*
21 *to support the determination by the Office that the project is a*
22 *qualified project.*

23 (b) *For each abatement from taxation that the Office approved*
24 *during the fiscal years which are 3 fiscal years, 6 fiscal years, 10*
25 *fiscal years and 20 fiscal years immediately preceding the*
26 *submission of the report:*

27 (1) *The dollar amount of the abatement;*

28 (2) *The value of infrastructure included as an incentive for*
29 *the qualified project;*

30 (3) *The economic sector in which each participant in the*
31 *qualified project operates, the number of primary jobs related to*
32 *the qualified project, the average wage paid to employees*
33 *employed by the participants in the qualified project and the*
34 *assessed values of personal property and real property of the*
35 *qualified project; and*

36 (4) *Any other information that the Office determines to be*
37 *useful.*

38 2. *In addition to the annual reports required to be prepared*
39 *and submitted pursuant to subsection 1, for the period beginning*
40 *on the effective date of this act and ending on July 1, 2016, the*
41 *Office shall, not less frequently than every calendar quarter,*
42 *prepare and submit to the Governor and the Director of the*
43 *Legislative Counsel Bureau for transmittal to the Legislature a*
44 *report which includes, for the immediately preceding calendar*
45 *quarter:*



1 (a) *The dollar amount of the abatements approved for the lead*
2 *participant in each qualified project;*

3 (b) *The number of employees engaged in construction of each*
4 *qualified project who are residents of Nevada and the number of*
5 *employees employed by each participant in each qualified project*
6 *who are residents of Nevada;*

7 (c) *The number of qualified employees employed by each*
8 *participant in each qualified project and the total amount of wages*
9 *paid to those persons;*

10 (d) *For each qualified project an assessment of whether the*
11 *participants in the qualified project are making satisfactory*
12 *progress towards meeting the investment requirements necessary*
13 *to support the determination by the Office that the project is a*
14 *qualified project; and*

15 (e) *Any other information requested by the Legislature.*

16 3. *In addition to the reports required to be prepared and*
17 *submitted pursuant to subsections 1 and 2, the Office shall, upon*
18 *request, make available to the Legislature any information*
19 *concerning a qualified project or any participant in a qualified*
20 *project. The Office shall make available any information*
21 *requested pursuant to this subsection within the period specified in*
22 *the request.*

23 4. *The Office shall provide to the Fiscal Analysis Division of*
24 *the Legislative Counsel Bureau a copy of any agreement entered*
25 *into by the Office and the lead participant not later than 30 days*
26 *after the agreement is executed.*

27 5. *Notwithstanding the provisions of any other specific*
28 *statute, the information requested by the Legislature pursuant to*
29 *this section may include information considered confidential for*
30 *other purposes. If such confidential information is requested, the*
31 *Office shall make the information available to the Fiscal Analysis*
32 *Division of the Legislative Counsel Bureau for confidential*
33 *examination.*

34 **Sec. 18.** 1. *For the purpose of encouraging local economic*
35 *development, the governing body of a city or county in which a*
36 *qualified project is located may grant to any participant in a*
37 *qualified project an abatement of all or any percentage of the*
38 *amount of any permitting fee or licensing fee which the local*
39 *government is authorized to impose or charge pursuant to chapter*
40 *244 or 268 of NRS.*

41 2. *Before granting any abatement pursuant to subsection 1,*
42 *the governing body of the city or county must provide by*
43 *ordinance for a pilot project for granting abatements to*
44 *participants in a qualified project.*



1 3. *A governing body of a city or county that grants an*
2 *abatement pursuant to subsection 1 shall, on or before October 1*
3 *of each year in which such an abatement is granted, prepare and*
4 *submit to the Governor and to the Director of the Legislative*
5 *Counsel Bureau for transmittal to the Legislature an annual*
6 *report which includes, for the immediately preceding fiscal year:*

7 (a) *The number of qualified projects located within the*
8 *jurisdiction of the governing body for which a certificate of*
9 *eligibility for transferable tax credits was approved;*

10 (b) *If applicable, the number and dollar amount of the*
11 *abatements granted by the governing body pursuant to subsection*
12 *1; and*

13 (c) *The number of persons within the jurisdiction of the*
14 *governing body that were employed by each participant in a*
15 *qualified project and the amount of wages paid to those persons.*

16 **Sec. 19.** NRS 360.225 is hereby amended to read as follows:

17 360.225 1. During the course of an investigation undertaken
18 pursuant to NRS 360.130 of a person claiming:

19 (a) A partial abatement of property taxes pursuant to
20 NRS 361.0687;

21 (b) An exemption from taxes pursuant to NRS 363B.120;

22 (c) A deferral of the payment of taxes on the sale of eligible
23 property pursuant to NRS 372.397 or 374.402;

24 (d) An abatement of taxes on the gross receipts from the sale,
25 storage, use or other consumption of eligible machinery or
26 equipment pursuant to NRS 374.357; ~~for~~

27 (e) A partial abatement of taxes pursuant to NRS 360.752 ~~H~~ ; or

28 ***(f) An abatement of taxes pursuant to section 12 of this act,***

29 ↳ the Department shall investigate whether the person meets the
30 eligibility requirements for the abatement, partial abatement,
31 exemption or deferral that the person is claiming.

32 2. If the Department finds that the person does not meet the
33 eligibility requirements for the abatement, exemption or deferral
34 which the person is claiming, the Department shall report its
35 findings to the Office of Economic Development and take any other
36 necessary actions.

37 **Sec. 20.** NRS 360.755 is hereby amended to read as follows:

38 360.755 1. If the Office of Economic Development approves
39 an application by a business for ***an abatement of taxes pursuant to***
40 ***section 12 of this act or*** a partial abatement pursuant to NRS
41 360.750 or 360.752, the agreement with the Office must provide that
42 the business:

43 (a) Agrees to allow the Department to conduct audits of the
44 business to determine whether the business is in ***full*** compliance
45 with the requirements for the ***abatement or*** partial abatement; and



1 (b) Consents to the disclosure of the audit reports in the manner
2 set forth in this section.

3 2. If the Department conducts an audit of the business to
4 determine whether the business is in *full* compliance with the
5 requirements for the *abatement or* partial abatement, the
6 Department shall, upon request, provide the audit report to
7 the Office of Economic Development.

8 3. Until the business has exhausted all appeals to the
9 Department and the Nevada Tax Commission relating to the audit,
10 the information contained in the audit report provided to the Office
11 of Economic Development:

12 (a) Is confidential proprietary information of the business;

13 (b) Is not a public record; and

14 (c) Must not be disclosed to any person who is not an officer or
15 employee of the Office of Economic Development unless the
16 business consents to the disclosure.

17 4. After the business has exhausted all appeals to the
18 Department and the Nevada Tax Commission relating to the audit:

19 (a) The audit report provided to the Office of Economic
20 Development is a public record; and

21 (b) Upon request by any person, the Executive Director of the
22 Office of Economic Development shall disclose the audit report to
23 the person who made the request, except for any information in
24 the audit report that is protected from disclosure pursuant to
25 subsection 5.

26 5. Before the Executive Director of the Office of Economic
27 Development discloses the audit report to the public, the business
28 may submit a request to the Executive Director to protect from
29 disclosure any information in the audit report which, under
30 generally accepted business practices, would be considered a trade
31 secret or other confidential proprietary information of the business.
32 After consulting with the business, the Executive Director shall
33 determine whether to protect the information from disclosure. The
34 decision of the Executive Director is final and is not subject to
35 judicial review. If the Executive Director determines to protect the
36 information from disclosure, the protected information:

37 (a) Is confidential proprietary information of the business;

38 (b) Is not a public record;

39 (c) Must be redacted by the Executive Director from any audit
40 report that is disclosed to the public; and

41 (d) Must not be disclosed to any person who is not an officer or
42 employee of the Office of Economic Development unless the
43 business consents to the disclosure.



1 **Sec. 21.** NRS 360.7594 is hereby amended to read as follows:

2 360.7594 1. Except as otherwise provided in this subsection,
3 the Office of Economic Development shall not approve any
4 application for transferable tax credits ~~that~~ *submitted pursuant to*
5 *NRS 360.759:*

6 (a) If approval of the application would cause the total amount
7 of transferable tax credits approved pursuant to NRS 360.759 ~~for~~
8 ~~the current fiscal year~~ to exceed ~~the~~ ~~\$20,000,000.~~ ~~If the Office does~~
9 ~~not approve \$20,000,000 of transferable tax credits during any fiscal~~
10 ~~year, the remaining amount of transferable tax credits must be~~
11 ~~carried forward and made available for approval during the~~
12 ~~immediately following 2 fiscal years.~~ *\$10,000,000.*

13 (b) Received on or after January 1, 2018.

14 2. The transferable tax credits issued to any producer for any
15 qualified production pursuant to NRS 360.759:

16 (a) Must not exceed a total amount of \$6,000,000; and

17 (b) Expire 4 years after the date on which the transferable tax
18 credits are issued to the producer.

19 3. For the purposes of calculating qualified expenditures and
20 production costs:

21 (a) The compensation payable to all producers who are Nevada
22 residents must not exceed 10 percent of the portion of the total
23 budget of the qualified production that was expended in or
24 attributable to any expenses incurred in this State.

25 (b) The compensation payable to all producers who are not
26 Nevada residents must not exceed 5 percent of the portion of the
27 total budget of the qualified production that was expended in or
28 attributable to any expenses incurred in this State.

29 (c) The compensation payable to any employee, independent
30 contractor or any other person paid a wage or salary as
31 compensation for providing labor services on the production of the
32 qualified production must not exceed \$750,000.

33 **Sec. 22.** NRS 360.7598 is hereby amended to read as follows:

34 360.7598 The Office of Economic Development shall, on or
35 before October 1 of each year, prepare and submit to the Governor
36 and to the Director of the Legislative Counsel Bureau for transmittal
37 to the Legislature an annual report which includes, for the
38 immediately preceding fiscal year:

39 1. The number of applications submitted for transferable tax
40 credits ~~that~~ *pursuant to NRS 360.759;*

41 2. The number of qualified productions for which transferable
42 tax credits were approved;

43 3. The amount of transferable tax credits approved;

44 4. The amount of transferable tax credits used;

45 5. The amount of transferable tax credits transferred;



1 6. The amount of transferable tax credits taken against each
2 allowable fee or tax, including the actual amount used and
3 outstanding, in total and for each qualified production;

4 7. The total amount of the qualified expenses and production
5 costs incurred by each qualified production and the portion of those
6 expenses and costs that were incurred in Nevada;

7 8. The number of persons in Nevada employed by each
8 qualified production and the amount of wages paid to those persons;
9 and

10 9. The period during which each qualified production was in
11 Nevada and employed persons in Nevada.

12 **Sec. 23.** NRS 218D.355 is hereby amended to read as follows:

13 218D.355 1. ~~Any~~ *Except as otherwise provided in section*
14 *15 of this act, any* state legislation enacted on or after July 1, 2012,
15 which authorizes or requires the Office of Economic Development
16 to approve any abatement of taxes or increases the amount of any
17 abatement of taxes which the Office is authorized or required to
18 approve:

19 (a) Expires by limitation 10 years after the effective date of that
20 legislation.

21 (b) Does not apply to:

22 (1) Any taxes imposed pursuant to NRS 374.110 or 374.190;

23 or

24 (2) Any entity that receives:

25 (I) Any funding from a governmental entity, other than
26 any private activity bonds as defined in 26 U.S.C. § 141; or

27 (II) Any real or personal property from a governmental
28 entity at no cost or at a reduced cost.

29 (c) Requires each recipient of the abatement to submit to the
30 Department of Taxation, on or before the last day of each even-
31 numbered year, a report on whether the recipient is in compliance
32 with the terms of the abatement. The Department of Taxation shall
33 establish a form for the report and may adopt such regulations as it
34 determines to be appropriate to carry out this paragraph. The report
35 must include, without limitation:

36 (1) The date the recipient commenced operation in this State;

37 (2) The number of employees actually employed by the
38 recipient and the average hourly wage of those employees;

39 (3) An accounting of any fees paid by the recipient to the
40 State and to local governmental entities;

41 (4) An accounting of the property taxes paid by the recipient
42 and the amount of those taxes that would have been due if not for
43 the abatement;



1 (5) An accounting of the sales and use taxes paid by the
2 recipient and the amount of those taxes that would have been due if
3 not for the abatement;

4 (6) An accounting of the total capital investment made in
5 connection with the project to which the abatement applies; and

6 (7) An accounting of the total investment in personal
7 property made in connection with the project to which the
8 abatement applies.

9 2. On or before January 15 of each odd-numbered year, the
10 Department of Taxation shall:

11 (a) Based upon the information submitted to the Department of
12 Taxation pursuant to paragraph (c) of subsection 1, prepare a written
13 report of its findings regarding whether the costs of the abatement
14 exceed the benefits of the abatement; and

15 (b) Submit the report to the Director for transmittal to the
16 Legislature.

17 **Sec. 24.** Title 22 of NRS is hereby amended by adding thereto
18 a new chapter to consist of the provisions set forth as sections 25 to
19 36, inclusive, of this act.

20 **Sec. 25.** *As used in this chapter, unless the context otherwise*
21 *requires, the words and terms defined in sections 26 to 30,*
22 *inclusive, of this act have the meanings ascribed to them in those*
23 *sections.*

24 **Sec. 26.** *“District” means an economic diversification district*
25 *created pursuant to section 31 of this act.*

26 **Sec. 27.** *“Lead participant” has the meaning ascribed to it in*
27 *section 5 of this act.*

28 **Sec. 28.** *“Municipality” means any county or city in this*
29 *State.*

30 **Sec. 29.** *“Participant” has the meaning ascribed to it in*
31 *section 7 of this act.*

32 **Sec. 30.** *“Qualified project” has the meaning ascribed to it in*
33 *section 10 of this act.*

34 **Sec. 31.** *1. Except as otherwise provided in this section, if a*
35 *qualified project is located within the jurisdiction of a*
36 *municipality, the governing body of the municipality may:*

37 (a) *Create an economic diversification district for the purposes*
38 *of carrying out this chapter by adopting an ordinance describing*
39 *the boundaries of the district, which must be the geographic*
40 *boundaries of the qualified project, and generally describing the*
41 *purposes within the district for which money pledged pursuant to*
42 *this chapter may be used; and*

43 (b) *For the purposes of carrying out paragraph (a), include in*
44 *an ordinance adopted pursuant to that paragraph the pledge of an*
45 *amount equal to the proceeds of all sales and use taxes imposed on*



1 or owed by each participant in the qualified project with regard to
2 tangible personal property purchased in the municipality for use
3 in the district, or stored, used or otherwise consumed in the district
4 by the participant, during a fiscal year other than the amount of
5 any local sales and use taxes for which the lead participant has
6 received an abatement pursuant to an application approved by the
7 Office of Economic Development pursuant to section 12 of this
8 act.

9 2. The governing body of a municipality may not include in
10 an ordinance adopted to create a district pursuant to paragraph
11 (a) of subsection 1 on or after the effective date of this act, the
12 pledge of any proceeds of the taxes imposed pursuant to NRS
13 374.110 and 374.190 with regard to tangible personal property
14 sold at retail, or stored, used or otherwise consumed, if the
15 governing body obtains an opinion from independent bond
16 counsel stating that the applicability of this provision would
17 impair an existing contract for the sale of bonds which were
18 issued before the effective date of this act.

19 3. A district created pursuant to this section by:

20 (a) A city must be located entirely within the boundaries of
21 that city.

22 (b) A county must be located entirely within the boundaries of
23 that county and, when the district is created, entirely outside of the
24 boundaries of any city.

25 **Sec. 32.** After the adoption of an ordinance pursuant to
26 section 31 of this act, the governing body of the municipality and
27 the Department of Taxation shall enter into an agreement
28 specifying the dates and procedure for distribution to the
29 municipality of any money pledged pursuant to section 31 of this
30 act. The distributions must:

31 1. Be made not less frequently than monthly; and

32 2. Cease at the end of the fiscal year in which the 20th
33 anniversary of the adoption of the ordinance creating the district
34 occurs.

35 **Sec. 33.** 1. Except as otherwise provided in this section, if
36 the governing body of a municipality adopts an ordinance
37 pursuant to section 31 of this act, the municipality may enter into
38 an agreement with the lead participant in the qualified project for
39 the cost of acquiring, improving or equipping, or any combination
40 thereof, the qualified project, which may contain such terms as are
41 determined to be desirable by the governing body of the
42 municipality, including the payment of reasonable interest and
43 other financing costs for the qualified project. Any such
44 reimbursements may be secured by a pledge of, and be payable
45 from, any money pledged pursuant to section 31 of this act and



1 *received by the municipality with respect to the district. If such an*
2 *agreement is entered into, the agreement must provide for the*
3 *payment to the lead participant of the money pledged pursuant to*
4 *section 31 of this act and received by the municipality not later*
5 *than 15 days after the date on which such money is distributed to*
6 *the municipality pursuant to section 32 of this act. An agreement*
7 *entered into pursuant to this section is not subject to the*
8 *limitations of subsection 1 of NRS 354.626 and may, at the option*
9 *of the governing body, be binding on the municipality beyond the*
10 *fiscal year in which it was made, only if the agreement pertains*
11 *solely to one or more participants in the qualified project.*

12 *2. No agreement entered into pursuant to this section may be*
13 *secured by or payable from the general fund of the municipality,*
14 *the power of the municipality to levy ad valorem property taxes, or*
15 *any source other than any money pledged pursuant to section 31*
16 *of this act and received by the municipality with respect to the*
17 *district, or any combination thereof. No bond, note or other*
18 *agreement issued or entered into pursuant to this section may ever*
19 *become a general obligation of the municipality or a charge*
20 *against its general credit or taxing powers, nor may any such*
21 *bond, note or other agreement become a debt of the municipality*
22 *for purposes of any limitation on indebtedness.*

23 *3. Any agreement entered pursuant to this section must*
24 *automatically terminate on or before the end of the fiscal year in*
25 *which the 20th anniversary of the adoption of the ordinance*
26 *creating the district occurs.*

27 **Sec. 34.** *On or before September 1 of each year, the*
28 *governing body of a municipality that adopts an ordinance*
29 *pursuant to section 31 of this act shall prepare and submit to*
30 *the Director of the Legislative Counsel Bureau for submission to*
31 *the Legislature, or to the Legislative Commission when the*
32 *Legislature is not in regular session, an annual report containing:*

33 *1. A statement of the status of the qualified project located or*
34 *expected to be located in the district, and of any changes in that*
35 *status since the last annual report.*

36 *2. An assessment of the financial impact of the district on the*
37 *provision of local governmental services, including, without*
38 *limitation, services for police protection and fire protection.*

39 **Sec. 35.** *The governing body of a municipality may enter into*
40 *an agreement with one or more of the owners of any interest in*
41 *property within a district, pursuant to which that owner would*
42 *agree to make payments to the municipality or to another local*
43 *government that provides services in the district, or to both, to*
44 *defray, in whole or in part, the cost of local governmental services*
45 *during the term of the use of any money pledged pursuant to*



1 *section 31 of this act. Such an agreement must specify the amount*
2 *to be paid by the owner of the property interest, which may be*
3 *stated as a specified amount per year or as an amount based upon*
4 *any formula upon which the municipality and owner agree.*

5 **Sec. 36.** *The governing body of a municipality:*

6 *1. Shall require the review of each claim submitted pursuant*
7 *to any contract or other agreement made with the governing body*
8 *to provide any financing or reimbursement pursuant to section 33*
9 *of this act, by an independent auditor.*

10 *2. Shall not provide any financing or reimbursement*
11 *pursuant to section 33 of this act from the proceeds of the taxes*
12 *described in subsection 2 of section 31 of this act, if the governing*
13 *body obtains an opinion from independent bond counsel stating*
14 *that the applicability of this subsection would impair an existing*
15 *contract for the sale of bonds that were issued before the effective*
16 *date of this act.*

17 **Sec. 37.** NRS 353.207 is hereby amended to read as follows:

18 353.207 1. The Chief shall:

19 (a) Require the Office of Economic Development and the Office
20 of Energy each periodically to conduct an analysis of the relative
21 costs and benefits of each incentive for economic development
22 previously approved by the respective office and in effect during the
23 immediately preceding 2 fiscal years, including, without limitation,
24 any abatement of taxes approved by the Office of Economic
25 Development pursuant to NRS 274.310, 274.320, 274.330, 360.750,
26 360.752, 361.0687, 374.357 or 701A.210, *or section 12 of this act,*
27 to assist the Governor and the Legislature in determining whether
28 the economic benefits of the incentive have accomplished the
29 purposes of the statute pursuant to which the incentive was
30 approved and warrant additional incentives of that kind;

31 (b) Require each office to report in writing to the Chief the
32 results of the analysis conducted by the office pursuant to paragraph
33 (a); and

34 (c) Establish a schedule for performing and reporting the results
35 of the analysis required by paragraph (a) which ensures that the
36 results of the analysis reported by each office are included in the
37 proposed budget prepared pursuant to NRS 353.205, as required by
38 that section.

39 2. Each report prepared for the Chief pursuant to this section is
40 a public record and is open to inspection pursuant to the provisions
41 of NRS 239.010.

42 **Sec. 38.** Notwithstanding the provisions of NRS 231.0695, for
43 the purpose of any abatement of taxes authorized by section 11 of
44 this act, the Office of Economic Development shall be deemed to
45 have approved the abatement pursuant to section 12 of this act upon



1 approval by the Executive Director of the Office of Economic
2 Development.

3 **Sec. 39.** The Executive Director of the Office of Economic
4 Development, the Nevada Gaming Commission and the Nevada Tax
5 Commission may each adopt such regulations as are respectively
6 required to implement the provisions of sections 2 to 18, inclusive,
7 of this act.

8 **Sec. 40.** The Legislature hereby finds that each abatement
9 provided by this act from any ad valorem tax on property or excise
10 tax on the sale, storage, use or other consumption of tangible
11 personal property sold at retail:

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

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

21 **Sec. 41.** 1. This act becomes effective upon passage and
22 approval.

23 2. Section 38 of this act expires by limitation on
24 December 31, 2014.

25 3. Sections 21 and 22 of this act expire by limitation on
26 June 30, 2023.

27 4. Sections 2 to 20, inclusive, 23 to 37, inclusive, 39 and 40 of
28 this act expire by limitation on June 30, 2036.

