

**REPORT ON  
TAX ABATEMENTS, TAX EXEMPTIONS,  
TAX INCENTIVES FOR ECONOMIC DEVELOPMENT AND  
TAX INCREMENT FINANCING  
IN NEVADA**



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**Prepared by the Fiscal Analysis Division, Legislative Counsel Bureau  
at the Direction of the Legislative Commission**

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## **Nevada Legislative Counsel Bureau Tax Abatements in Nevada**

### **I. INTRODUCTION**

The Fiscal Analysis Division of the Legislative Counsel Bureau was directed by the Legislative Commission at its September 18, 2007, meeting to conduct a study of Nevada's tax abatements and exemptions authorized by Nevada Revised Statutes. The scope of the study includes tax abatements provided for economic development and diversification efforts, tax exemptions authorized for specific purposes or taxpayers, and statutory provisions providing for the redistribution of local government property tax revenues through a redevelopment area or tax increment area or the use of sales tax anticipated revenue (STAR) bonds within a tourism improvement area.

This report presents the findings of that study, and the topics discussed are presented as follows: Section II provides the discussion of tax abatement programs granted by the Nevada Commission on Economic Development (NCED); Section III presents tax abatements for "green building" projects available through the Nevada State Office of Energy and the Nevada Department of Taxation; Sections IV through VIII include the tax exemptions applicable to sales and use taxes, property taxes, the Governmental Services Tax (GST), the Live Entertainment Tax (LET) and the Real Property Transfer Tax (RPTT). Each of the topics presented in Sections II through VIII discusses situations where a tax liability is either declared exempt by statute or may be reduced as a result of the statutorily authorized abatement. In either case, all or a portion of the tax liability is not actually paid.

The topics discussed in Sections IX and X discuss situations where all taxes due are paid by taxpayers. However, based on the statutory authority provided to local government entities, the tax revenues collected may be reallocated or redistributed and used for purposes that may be different than the purposes for which the tax was originally imposed. Section IX includes a discussion of tax increment financing provisions for redevelopment areas, as well as provisions for tax increment areas created to provide financing for infrastructure projects. Section X presents a discussion of tourism improvement districts and the use of STAR bonds.

The Fiscal Analysis Division requested information from all city and county governments in Nevada regarding the use of STAR bonds within tourism improvement districts and tax increment financing within redevelopment areas or tax increment areas. Section XI includes an overview of the responses provided, and all of the materials submitted to the Fiscal Analysis Division are assembled in Appendix D.

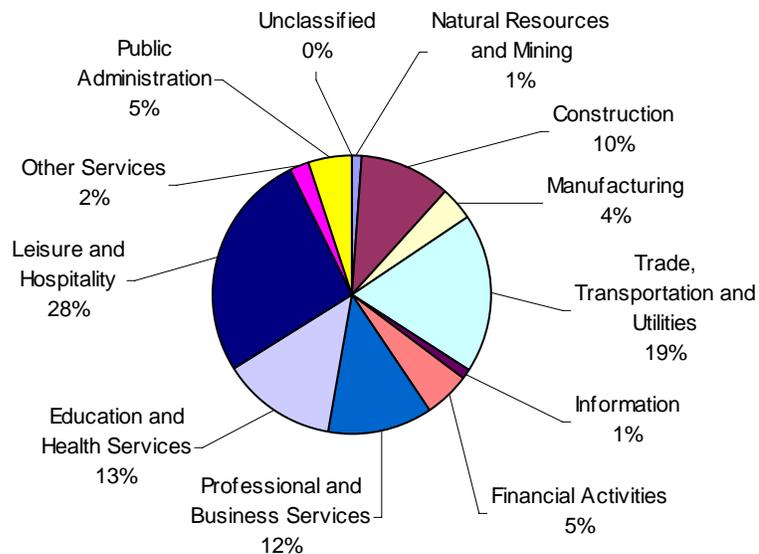


## II. TAX ABATEMENTS GRANTED BY THE NEVADA COMMISSION ON ECONOMIC DEVELOPMENT

### Background

Given the technological advancements and globalization of our economy over the past several decades, the state of Nevada, and all states for that matter, is competing for the capital investment and job creation generated by new and expanding businesses on a national and even international basis. With no personal or corporate income tax, no franchise tax, no gift or inheritance tax, along with the many other tax advantages, Nevada has long been recognized as having one of the most business-friendly tax environments of any state in the country. As a result, Nevada has been among the fastest growing states in terms of both population and job growth over the past two to three decades. While it is no secret that much of Nevada's growth has been driven by the state's largest industry, leisure and hospitality (includes gambling, recreation and amusement; accommodation; and food services and drinking places), many other sectors such as construction, retail trade, health services and business and professional services have also expanded significantly. However, Nevada's overall economy continues to be dominated by the leisure and hospitality industry, which also contributes significantly to the state's large retail trade sector. A primary focus of Nevada's economic development incentives is to attract industries such as manufacturing, warehousing and distribution, corporate headquarters, research and development facilities and other primary industries to the state. This chart depicts Nevada's industrial distribution in terms of employment by North American Industry Classification System (NAICS) industries and represents the level of diversification within the state's economy.

**2007 Nevada Distribution of Employment by Industry**



### Nevada Commission on Economic Development: The Commissioners

Pursuant to NRS Chapter 231, NCED consists of the Division of Economic Development and the Division of Motion Pictures. Information presented within this section will highlight the organizational structure and administrative functions of the Commission and the Division of Economic Development, based on the provisions found in NRS 231.020 through NRS 231.139 inclusive.

The Commissioners of NCED are comprised of the Lieutenant Governor, who is its Chairman, and six members who are appointed by the Governor. Members appointed by the Governor shall have proven experience in economic development, which was acquired by them while engaged in finance, manufacturing, mining, agriculture, the field of transportation, or in general business other than tourism or gaming. The Governor's appointments must include at least one member who is a resident of:

1. Clark County
2. Washoe County
3. A county whose population is 50,000 or less

The Commission on Economic Development generally meets on a monthly basis and may meet more frequently at the call of the Chairman, if it deemed necessary. The Executive Director serves as the Secretary of the Commission and must be appointed by the Governor from a list of three candidates recommended by the Commission. The Commission on Economic Development establishes the policies and approves the programs and budget of the Division of Economic Development concerning the promotion of industrial development and diversification in this state. The Executive Director serves at the pleasure of the Commission and is responsible for directing and supervising all its administrative and technical activities, including:

1. Appointing such professional, technical, clerical and operational employees as the execution of his duties and the operation of the Commission may require.
2. Attending all meetings of the Commission and acting as its Secretary, keeping minutes and audio recordings or transcripts of its proceedings.
3. Reporting regularly to the Commission concerning the administration of its policies and programs.
4. Reporting annually to the Governor and the Commission regarding the work of the Commission and may make such special reports as he considers desirable to the Governor.
5. Performing any other lawful acts which he considers desirable to carry out the provisions of NRS 231.020 to 231.130, inclusive.

### Nevada Commission on Economic Development: The Agency

In accordance with NRS Chapter 231, NCED is the primary agency responsible for promoting industrial development and diversification in Nevada. The Nevada Commission on Economic Development's Division of Economic Development has the responsibility to investigate and study conditions affecting Nevada business, industry and commerce, and to engage in technical studies, scientific investigations, statistical research and educational activities necessary or useful for the proper execution of promoting and developing Nevada business, industry and commerce, both within and outside the state. The Nevada Commission on Economic Development serves as a center of public information for the state of Nevada by answering general inquiries concerning the resources and economic advantages of this state and by furnishing information and data on these and related subjects.

*Nevada Revised Statutes* Chapter 231 additionally requires NCED to plan and develop an effective service for business information, both for the direct assistance of business and industry of the state and for the encouragement of business and industry outside the state to use economic facilities within the state. The Nevada Commission on Economic Development prepares and disseminates informational material designed to promote economic and industrial development in Nevada, including readily accessible information on state and local taxes; local zoning regulations and environmental standards; the availability and cost of real estate, labor, energy, transportation; and occupational education and related subjects.

Throughout this document, the terms "Commission," "Nevada Commission on Economic Development" or "NCED" may be used interchangeably to refer to the actions taken by the Commissioners appointed by the Governor, as well as to the functions of the Nevada Commission on Economic Development as an agency.

#### **A. Statutory Authority for Granting Partial Tax Abatements**

*Nevada Revised Statutes* 360.750 provides the statutory authority and general provisions for NCED to grant partial abatements from the **sales and use taxes** imposed by NRS Chapter 374 (Local School Support Tax)<sup>(1)</sup>, the **Modified Business Tax** on general businesses imposed by NRS Chapter 363B, as well as taxes on **real property (land and buildings) and personal property** imposed by NRS Chapter 361, although abatements of **real property taxes** are not applicable to most economic development projects. Partial abatements of the above taxes are granted only to new and expanding businesses that are determined to be consistent with the State Plan for Industrial Development and Diversification and consistent with the goals of the Commission concerning industrial development and diversification. The goals of the Commission concerning industrial development and diversification are defined in NAC 360.474 and include, without limitation:

1. Diversification from the industries of gaming and hospitality.
2. Attraction of basic industries to this state including, without limitation, manufacturing, warehousing and distribution.
3. Attraction to this state of business facilities and services including, without limitation, corporate headquarters, facilities for research and development, and facilities for services such as technical assistance with products of the business or credit services.

Prior to considering an application requesting a partial abatement, NRS 360.750 requires that NCED perform the following actions:

1. Request a letter of acknowledgment of the request for the abatement of sales and use taxes and property taxes from any affected county, school district, city or town.
2. Provide notice that includes the date, time and location of the hearing at which the Commission will consider the application to the governing body of the county, the board of trustees of the school district and the governing body of the city or town, if any, in which the person intends to locate or expand a business.

Current law only requires that NCED request a letter of acknowledgment, and in many cases the affected school district or local government will respond to NCED with a letter of acknowledgement prior to the meeting in which the partial abatement will be considered. However, NCED is not required to actually obtain a letter from the impacted local government or school district. Additionally, current law does not allow local governments or school districts any authority to deny the application for partial abatement.

Although not required by statute, NCED also performs a comprehensive cost-benefit analysis for each business that applies for sales and use tax abatement, Modified Business Tax abatement or property tax abatements. The analysis includes estimates of applicable abatements being considered, taxes that will be paid, the number of jobs that will be created, average wages for those jobs, total capital investment anticipated and the total economic impact of the project, including the impact of new construction if applicable. The analysis also includes an estimated "break even" timeline in terms of the amount of time it will take for the affected local governments to be made whole and repaid for the amount of abatements granted as a result of the additional tax revenues and wages generated by the business choosing to locate or expand in the affected community. The results of the cost-benefit analysis are provided to the NCED Commissioners for consideration prior to approval of abatements and to each affected local government, along with the letter of notification and request for acknowledgement required pursuant to NRS 360.750.

## **B. Eligibility and Requirements to Receive Partial Tax Abatements**

### General Eligibility

In addition to being consistent with the goals of the Commission concerning industrial development and diversification as defined in NAC 360.474, all applicants for partial tax abatements must comply with requirements set forth in NRS 360.750 that identify the minimum qualifications for new or expanding businesses, based on three criteria:

1. Amount of new or expanded capital investment.
2. Number of new jobs created.
3. Average wage that must be paid for the new jobs created.

Depending on whether the business applying for a partial abatement is an expansion of an existing business or a new business, the minimum qualifications for the above three criteria have different thresholds based on whether the business will be located in an urban area or a rural area. The definitions used to determine urban and rural areas and the thresholds for the above requirements are discussed in Section II-C – Criteria Defining Urban Areas Versus Rural Areas. Additional qualifications set forth in NRS 360.750 require that all applicants:

1. Commit to continue operation in Nevada and maintain the eligibility requirements set forth in NRS 360.750 for at least five years.
2. Enter into a binding agreement with NCED that states the specific terms of the requirements set forth in NRS 360.750 that must be maintained during the five-year period and also binds the successors in interest of the business to the agreement.
3. Provide a health insurance plan for all employees that includes an option for health insurance coverage for dependents of the employees.
4. Register with the Nevada Department of Taxation and obtain all required business licenses and permits.
5. Agree to provide access to the necessary documentation for audit purposes and allow the Nevada Department of Taxation to conduct audits of the business to determine whether the business is in compliance with the requirements for the partial abatements set forth in the agreement.
6. Offer primary jobs.

*Nevada Revised Statutes* 360.750 states that NCED shall approve an application for a partial abatement if the Commission makes the determination that all of the above criteria have been met. *Nevada Revised Statutes* 360.750 also states that if a business fails to maintain any of the above general eligibility requirements for the minimum five-year period, then all abated taxes must be repaid with penalty and interest.

### Eligibility Based on Primary Job Creation

Primary job creation is one of the fundamental concepts associated with economic development and diversification programs in Nevada in terms of offering incentives or tax abatements in exchange for primary job creation. Primary jobs are defined in NAC 360.474 as **“a position of employment offered by an applicant for a partial abatement, the compensation for which is obtained from revenue that is generated outside the economic region in which the business is located.”** Companies that sell or export goods or services to consumers located outside the state of Nevada are in effect importing new dollars into the state’s economy. These imported dollars support not only the jobs within the primary job company, but they also contribute to supporting jobs related to the local suppliers that provide goods and services to the primary job company. Additionally, the demand for other local goods and services is increased based on the employees of the primary company and its suppliers that are able to purchase goods and services from existing local businesses. This multiplier effect associated with primary jobs is the basis for the competition that exists among states and regions and the reason that various incentives and tax abatements may play a roll in attracting new businesses or existing businesses to expand operations in the state.

A significant difference between a company offering primary jobs (basic employer) and a company that does not offer primary jobs (non-basic employer) is the site selection process. A basic employer can locate its business within any number of communities or states that offer similar characteristics in terms of available employees, cost of doing business or proximity to markets and still be able to meet its production, cost and profit objectives. The site selection issue for a non-basic employer (for example, retail or service-based employer) is different in that it is required to evaluate locations based on local or regional market demand for its products or services. Next, the employer must decide if it wants to compete in the local or regional marketplace. If so, then the issue becomes which location within that local or regional marketplace makes the most sense. Therefore, incentives through tax abatements are not provided to retail or non-basic employers through the NCED economic development provisions established in NRS 360.750. In fact, many times a retail or non-basic business will pay a premium for its desired location to conduct business in a particular market.

In general, the companies that qualify for partial tax abatements based on offering primary jobs (typically manufacturing, warehousing and distribution, national service providers, national call centers, research and development facilities and headquarter operations) are eligible for partial abatements of the **sales and use taxes** imposed by NRS Chapter 374 (Local School Support Tax)<sup>(1)</sup>, **Modified Business Tax** on general business imposed by NRS Chapter 363B, and **personal property tax** imposed by NRS Chapter 361.

### Eligibility Based on Energy Conservation Activities

In addition to the availability of partial tax abatements for companies offering primary jobs, the state has also enacted legislation offering partial tax abatements for projects related to recycling, energy conservation and energy production such as businesses

using recycled material in the manufacturing process; facilities for the generation of electricity from recycled material; facilities that generate electricity from renewable energy; facilities that produce energy storage devices; and energy efficient green buildings. Discussion of green buildings is included in Section III – Green Building Tax Abatements. With a few exceptions, businesses engaged in the energy conservation activities listed above are eligible to receive a partial abatement of taxes imposed on **real property** (land and buildings) imposed by NRS Chapter 361 in addition to the partial abatements generally available to the companies that offer primary jobs (sales and use tax imposed by NRS Chapter 374<sup>(1)</sup>, Modified Business Tax on general business imposed by NRS Chapter 363B, and personal property tax imposed by NRS Chapter 361). Businesses that qualify for real property tax abatements based on energy conservation activities must also meet all of the general eligibility requirements pursuant to NRS 360.750, as well as the requirements for personal property tax abatements pursuant to NRS 361.0687.

*Nevada Revised Statutes* 701A.210 provides for a partial abatement of **real property taxes** imposed by NRS Chapter 361 for **businesses and facilities using recycled material** that have as a primary purpose the conservation of energy or the substitution of other sources of energy for fossil sources of energy. Qualifying criteria under this statute include:

1. Businesses that engage in the primary trade of preparing, fabricating, manufacturing or otherwise processing raw material or an intermediate product through a process in which at least 50 percent of the material or product is recycled on-site.
2. Businesses that include as a primary component a “facility for the generation of electricity from recycled material.”

A “facility for the generation of electricity from recycled material” means a facility for the generation of electricity that uses recycled material as its primary fuel, including material from:

1. Industrial or domestic waste, other than hazardous waste, even though it includes a product made from oil, natural gas or coal, such as plastics, asphalt shingles or tires.
2. Agricultural crops, whether terrestrial or aquatic, and agricultural waste, such as manure and residue from crops.
3. Municipal waste, such as sewage and sludge.

*Nevada Revised Statutes* 701A.220 and NRS 701A.230 include provisions for the partial abatement of certain taxes for **facilities that generate electricity from renewable energy or produce energy storage devices**. *Nevada Revised Statutes* 701A.220 provides for a partial abatement of **real** (land and buildings) **and personal property taxes** imposed by NRS Chapter 361 and NRS 701A.230 provides a partial abatement of **sales and use taxes** imposed by NRS Chapter 374 (Local School

Support Tax)<sup>(1)</sup>. Pursuant to S.B. 473 passed by the 2003 Nevada Legislature, provisions for the abatements included in NRS 701A.220 and NRS 701A.230 will expire on June 30, 2009.

The term “facility for the generation of electricity from renewable energy” means a facility for the generation of electricity that:

1. Uses renewable energy as its primary source of energy.
2. Has a generating capacity of at least ten kilowatts.
3. Includes all the machinery and equipment that is used in the facility to collect and store the renewable energy and to convert the renewable energy into electricity.
4. Does not include a facility that is located on residential property.

The term “energy storage device” means a device for use and storage of electrical energy that alleviates the consumption of fossil fuel and does not produce fossil fuel emissions.

It is important to note that NRS 701A.220 and NRS 701A.230 each contain a different definition of the term “renewable energy” for the purposes of determining eligibility for a partial abatement of certain **real and personal property taxes** imposed by NRS Chapter 361 or eligibility for the partial abatement of **sales and use taxes** imposed by NRS Chapter 374 (Local School Support Tax)<sup>(1)</sup>. Both definitions state that the term “renewable energy” does not include coal, natural gas, oil, propane or any other fossil fuel, or nuclear energy.

For the purposes of determining eligibility under NRS 701A.220 to receive a partial abatement of **real and personal property taxes** imposed by NRS Chapter 361, the term “renewable energy” means biomass, solar energy, and wind.

For the purposes of determining eligibility under NRS 701A.230 to receive a partial abatement of **sales and use taxes** imposed by NRS Chapter 374 (Local School Support Tax)<sup>(1)</sup>, the term “renewable energy” means a source of energy that occurs naturally or is regenerated naturally, including, without limitation biomass, fuel cells, geothermal energy, solar energy, waterpower, and wind.

The terms “biomass, solar energy and wind” are included in both NRS 701A.220 (property tax abatement) and NRS 701A.230 (sales tax abatement) and therefore are eligible to receive the partial abatements of sales and use taxes, as well as real and personal property taxes. However, the terms “fuel cells, geothermal energy, and waterpower” are NOT included in NRS 701A.220 and therefore are NOT eligible for the partial abatement of **real and personal property taxes**.

### C. Criteria Defining Urban Areas Versus Rural Areas and Minimum Qualifications

#### Urban Versus Rural Areas

Once the Nevada Commission on Economic Development (NCED) has made the determination that the business is eligible for a partial abatement pursuant to NRS 360.750 based on offering primary jobs, or pursuant to NRS Chapter 701A based on the energy conservation activities, the specific abatements available for both primary job companies and the energy conservation related activities are dependent upon how the project qualifies in terms of meeting the three criteria listed in NRS 360.750 relating to capital investment, number of new jobs and average wages. These criteria have different thresholds, depending on whether the project is located in an urban or rural area.

*Nevada Revised Statutes* 360.750 defines an urban area (generally Clark County or Washoe County) as a county whose population is 100,000 or more or a city whose population is 60,000 or more, and defines a rural area (generally all counties except Clark or Washoe) as a county whose population is less than 100,000 or a city whose population is less than 60,000. These definitions include references to either the county or the city population to allow flexibility in applying these criteria to the rural incorporated cities located in a large county and also to the potential scenario of a large city located in a small county in terms of population.

In general, the minimum qualifications for the amount of capital investment, job creation and average wages established in NRS 361.0687 are higher in the urban areas than in the rural areas. In addition, whether in an urban or rural area, the minimum requirements to receive a partial abatement of the **personal property taxes** imposed pursuant to NRS Chapter 361 are higher in terms of the amount of capital investment and average wages that are established in NRS 360.750 to be eligible for the partial abatement of sales and use taxes and Modified Business Taxes.

#### Urban Area Minimum Qualifications for New Businesses

Pursuant to NRS 360.750, an eligible business that intends to locate or expand in an **urban area** (county whose population is 100,000 or more or a city whose population is 60,000 or more) may apply for a partial abatement of the **sales and use taxes** imposed by NRS Chapter 374 (Local School Support Tax)<sup>(1)</sup>, or the **Modified Business Tax** on general business imposed by NRS Chapter 363B if the business meets at least two of the following requirements:

1. The business will have 75 or more full-time employees on the payroll of the business by the fourth quarter that it is in operation.
2. Establishing the business will require the business to make a capital investment of at least \$1 million in this state.

3. The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide hourly wage (currently \$19.69 in FY 2009) as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

Note that the business may qualify for a partial abatement of **sales and use tax** or **Modified Business Tax** on general business by meeting at least two of the above criteria. However, to be eligible for a partial abatement of the **personal property taxes** imposed by NRS Chapter 361, NRS 361.0687 further states that the business **must** make a capital investment of at least \$50 million (instead of only \$1 million stated above) if the business is an industrial or manufacturing business or at least \$2 million if the business is not an industrial or manufacturing business; and that the average wage requirement **must** be met. *(Effective July 1, 2009, the \$2 million investment requirement for businesses that are not an industrial or manufacturing business will increase to \$5 million, pursuant to provisions of S.B. 473 passed by the 2003 Nevada Legislature.)*

#### Rural Area Minimum Qualifications for New Businesses

Pursuant to NRS 360.750, an eligible business that intends to locate or expand in a **rural area** (county whose population is less than 100,000 or a city whose population is less than 60,000) may apply for a partial abatement of the **sales and use taxes** imposed by NRS Chapter 374 (Local School Support Tax)<sup>(1)</sup>, or the **Modified Business Tax** imposed by NRS Chapter 363B if the business meets at least two of the following requirements:

1. The business will have 15 or more full-time employees on the payroll of the business by the fourth quarter that it is in operation.
2. Establishing the business will require the business to make a capital investment of at least \$250,000 in this state.
3. The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide hourly wage (currently \$19.69 in FY 2009) or the average countywide hourly wage, whichever is less, as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

Note that the business may qualify for a partial abatement of **sales and use tax** or **Modified Business Tax** by meeting at least two of the above criteria. However, to be eligible for a partial abatement of the **personal property taxes** imposed by NRS Chapter 361, NRS 361.0687 further states that the business **must** make a capital investment of at least \$500,000 (instead of only \$250,000 stated above) and that the average wage requirement **must** be met. *(Effective July 1, 2009, the \$500,000 investment requirement will increase to at least \$5 million if the business is an industrial or manufacturing business and will remain at least \$500,000 if the business is not an industrial or manufacturing business, pursuant to provisions of S.B. 473 passed by the 2003 Nevada Legislature.)*

### Urban and Rural Area Minimum Qualifications for Existing Businesses

Pursuant to NRS 360.750, if the business is an **existing business** that intends to expand, the requirements are the same for an urban or rural area and require that at least two of the following be met:

1. The business will increase the number of employees on its payroll by ten percent more than it employed in the immediately preceding fiscal year or by six employees, whichever is greater.
2. The business will expand by making a capital investment in this state in an amount equal to at least 20 percent of the value of the tangible property possessed by the business in the immediately preceding fiscal year.
3. The average hourly wage that will be paid by the existing business to its new employees in this state is at least 100 percent of the average statewide hourly wage (currently \$19.69 in FY 2008-09) or 100 percent of the average countywide wage, whichever is less, as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

### Other Minimum Qualifications

If the business furthers the development and refinement of intellectual property, a patent or a copyright into a commercial product, NRS 360.750 requires the business to meet at least two of the following requirements in lieu of meeting the requirements for an urban, rural or existing business:

1. The business will have ten or more full-time employees on the payroll of the business by the fourth quarter that it is in operation.
2. Establishing the business will require the business to make a capital investment of at least \$500,000 in this state.

### Provisions for Businesses Locating in Zones for Economic Development

*Nevada Revised Statutes* Chapter 274 includes provisions for new or expanding businesses that will be located in certain areas of economic development such as:

1. A historically underutilized business zone, as defined in 15 U.S.C. § 632.
2. A redevelopment area created pursuant to NRS 279.382 to 279.685, inclusive.
3. An area eligible for a community development block grant pursuant to 24 C.F.R. Part 570.
4. An enterprise community established pursuant to 24 C.F.R. Part 597.

Pursuant to NRS 274.310, new businesses that intend to locate within any of the above areas may submit a request to the governing body of the county, city or town in which the business would operate for an endorsement of an application to NCED for a partial abatement of sales and use taxes imposed by NRS Chapter 374 or personal property taxes imposed by NRS Chapter 361 (based on a minimum investment of \$500,000 in capital).

Pursuant to NRS 274.320, expanding businesses located within any of the above areas may submit a request to the governing body of the county, city or town in which the business operates for an endorsement of an application to NCED for a partial abatement of sales and use taxes imposed by NRS Chapter 374 (based on a minimum investment of \$250,000 in capital).

Pursuant to NRS 274.330, existing businesses that are located within an enterprise community established pursuant to 24 C.F.R Part 597, may submit a request to the governing body of the county, city or town in which the business operates for an endorsement of an application to NCED for a partial abatement of sales and use taxes imposed by NRS Chapter 374 or personal property taxes imposed by NRS Chapter 361 (based on employing one or more dislocated workers who reside in the enterprise community and paying such employee(s) not less than 100 percent of the federally designated poverty level for a family of four and providing medical benefits for such employee(s) and dependents).

By obtaining an endorsement of the NCED application from the governing body, the provisions included in NRS Chapter 274 provide for NCED approval based on the qualifications included above, pursuant to NRS 274.310, NRS 274.320 and NRS 274.330, as well as the meeting following criteria:

1. The business is consistent with the State Plan for Industrial Development and Diversification and any guidelines adopted pursuant to the State Plan.
2. The business is registered pursuant to the laws of this state or the applicant commits to obtain a valid business license and all other permits required by the county, city or town in which the business will operate.
3. The business executes an agreement with NCED to commence operation and continue operation within the applicable region described above for a period specified by the Commission, which must be at least five years. The business must continue to meet the eligibility requirements set forth in NRS Chapter 274, and the agreement must bind successors in interest of the business for the specified period.

### Discretionary Authority Regarding Minimum Qualifications

Pursuant to NRS 360.750, if the Commission determines that such action is necessary, the Commission may:

1. Approve an application for a partial abatement by an eligible business that does not meet the requirements set forth for new or expanding businesses in terms of capital investment, number of jobs or average wages;
2. Make the above requirements more stringent; or
3. Add additional requirements that a business must meet to qualify for a partial abatement.

Based on discussions with NCED staff and a review of the agreements between NCED and the businesses that have been granted partial abatements, there have not been any cases of NCED approving an application for a partial abatement that did not meet at least two of the applicable minimum requirements pursuant to NRS 360.750. However, the precedence has been established for making the requirements pursuant to NRS 360.750 more stringent with regard to the number of jobs and the average wages required based on information that is provided by the business through its application for a partial abatement. The Nevada Commission on Economic Development has also established the precedence that the applicable average wage requirement be met for all applications seeking a partial abatement. The two examples below are provided to illustrate hypothetical scenarios in which NCED may exercise the discretionary authority provided by NRS 360.750.

*Example 1* - A manufacturing business that will be located in an urban area submits an application that is eligible for the sales and use tax abatement, personal property tax abatement and Modified Business Tax abatement based on meeting at least two of the following criteria:

1. Capital investment - \$60 million (minimum requirement in NRS 361.0687 is \$50 million)
2. New primary jobs - 125 (minimum requirement in NRS 360.750 is 75 jobs)
3. Average wage for the 125 new jobs - \$21.50 per hour (minimum requirement in NRS 360.750 is \$19.69 for FY 2008-09)

If approved, the terms of the binding agreement between NCED and the business would be established based on both the minimum requirements pursuant to NRS 360.750, as well as the above information stated in the business's application. The terms of the binding agreement for this example would require the business to maintain the following requirements for at least five years:

1. Capital investment - \$50 million
2. New primary jobs - 125
3. Average wage for the 125 new jobs - \$19.50

Note that only the amount of capital investment is established at the minimum level of the statutory requirement, while the number of jobs and the average wage requirement are set based on information provided by the business on its application. The information presented in the application is ultimately the only information available to the Commission in terms of evaluating the merits of the application. While the full amount of capital investment would be taken into consideration, the business would not be required to invest the full amount beyond the minimum requirement to be granted the abatement of taxes. The discretionary authority granted per NRS 360.750(3)(b) to make certain requirements, such as the number of jobs and average wage requirements, within the terms of the agreement more stringent than the applicable statutory minimum ensures that good faith information is provided by businesses that apply for a partial abatement.

*Example 2* - A manufacturing business that will be located in a rural area submits an application that is eligible for the sales and use tax abatement and the Modified Business Tax abatement based on meeting at least two of the following criteria:

1. Capital investment - \$30 million (minimum requirement in NRS 361.0687 is \$250,000)
2. New primary jobs - 15 (minimum requirement in NRS 360.750 is 15 jobs)
3. Average wage for the 15 new jobs - \$7.75 per hour (minimum requirement in NRS 360.750 is \$19.69 for FY 2008-09)

If approved, the terms of the binding agreement between NCED and the business would be established the same way as in Example 1, based on both the minimum requirements pursuant to NRS 360.750, as well as the above information stated in the business's application. The terms of the binding agreement for this example would require the business to maintain the following requirements for at least five years:

1. Capital investment - \$250,000
2. New primary jobs - 15
3. Average wage for the 15 new jobs - \$7.75

Note that this application would technically qualify for the sales and use tax abatement and Modified Business Tax abatement based on meeting two of the three required criteria. However, if the terms of the agreement were established in the same manner as Example 1, the business could ultimately make a much smaller actual capital investment and still maintain eligibility for the required five-year period. If NCED chose to approve the application on the basis of the large capital investment of \$30 million despite the relatively low average wage of \$7.75, the discretionary authority granted per NRS 360.750(3)(b) to make certain requirements more stringent is essential to ensure that good-faith information is presented to NCED for consideration and that the minimum qualifications required for the five-year period are consistent with the merits of the project as submitted through the application for partial abatements. In this particular

case, NCED could require that either the full \$30 million capital investment be made or that the average wage requirement be met as a condition for approval. In practice, NCED has established the precedence that ***all applications must meet the average wage requirement*** as a condition for approval; therefore, an application such as Example 2 would not be approved with an average wage of \$7.75 per hour.

#### **D. Taxes That Can Be Abated**

##### **Sales and Use Tax Abatement**

*Nevada Revised Statutes* 360.750 specifically authorizes the partial abatement of sales and use taxes applicable under Chapter 374 of NRS (Local School Support Tax – 2.25 percent). Based on the statutory structure established for the sales and use taxes, unless specifically authorized otherwise in statute or a special act, statutory provisions applicable to NRS Chapter 374 are also applicable to the other local sales and use taxes imposed pursuant to NRS Chapters 377, 377A, 377B, and authorized pursuant to a special act. Therefore, although they are not specifically cited, the partial abatements authorized in NRS 360.750 for Chapter 374 also apply to Chapter 377 - (Basic City/County Relief Tax [BCCRT] - 0.5 percent) and (Supplemental City/County Relief Tax [SCCRT] - 1.75 percent); Chapter 377A – local option sales and use taxes for special miscellaneous purposes; Chapter 377B - local option sales and use tax for infrastructure; and any other local sales and use tax rates imposed under special acts. The partial abatement of sales and use taxes established in NRS 360.750 does not apply to the state two-percent tax rate imposed pursuant to NRS Chapter 372.

*Nevada Revised Statutes* 374.357 and NRS 701A.230 provide an abatement of the sales and use taxes imposed by NRS Chapter 374 (Local School Support Tax) on the gross receipts from the sale, and the storage, use or other consumption, of ***eligible machinery or equipment*** for use by a business which has been approved pursuant to NRS 360.750. Pursuant to NRS 374.357 and NRS 701A.230, the term “eligible machinery or equipment” is defined differently, depending on the specific type of business receiving the abatement. Pursuant to NRS 374.357, for all eligible businesses except a facility for the generation of electricity from renewable energy, the term “eligible machinery and equipment” applies to machinery or equipment for which a deduction is authorized pursuant to 26 U.S.C. § 179 (US Code - Title 26, Section 179: Internal Revenue Code). The term does not include:

1. Buildings or the structural components of buildings
2. Equipment used by a public utility
3. Equipment used for medical treatment
4. Machinery or equipment used in mining
5. Machinery or equipment used in gaming
6. Aircraft (*Effective July 1, 2009, aircraft will be removed from this list by statute.*)

Pursuant to NRS 701A.230, if the business is a facility for the generation of electricity from renewable energy, the term “eligible machinery and equipment” applies to all machinery and equipment that is used in the facility to collect and store the renewable energy and to convert the renewable energy into electricity. (*Note: Nevada Revised Statutes 701A.230, which provides the partial sales and use tax abatement for facilities*

*that generate electricity from renewable energy or produce energy storage devices, will expire by statute on June 30, 2009, pursuant to provisions of S.B. 473 passed by the 2003 Nevada Legislature.)*

The partial abatement of sales and use taxes authorized by NRS 374.357 and NRS 701A.230 does not include an abatement of the state two-percent sales and use tax imposed by NRS Chapter 372. The taxpayer is eligible to receive an abatement of all other applicable sales and use taxes imposed by NRS 374 (Local School Support Tax)<sup>(1)</sup> for a period of two years for eligible machinery or equipment which is leased or purchased. Given the variation in sales and use tax rates imposed in each county, the actual percentage of the partial abatement can range from 4.5 percent to 5.75 percent.

In accordance with NAC 360.472, a business is allowed a maximum period of 18 months following NCED approval to begin using the partial abatement of sales and use taxes granted pursuant to NRS 374.357 or NRS 701A.230. Once the partial abatement is claimed on the first item of eligible machinery or equipment within the 18-month period following approval, all other purchases of eligible machinery or equipment must be made within two years from the date on which the first purchase was made.

The Nevada Department of Taxation is responsible for administering the abatement program, and department staff works closely with NCED staff both during and after the application process. *Nevada Administrative Code* 360.4755 requires the Department of Taxation to ensure that the machinery and equipment for which a business claims a partial abatement actually qualifies as eligible machinery or equipment. A complete list of eligible machinery and equipment is reviewed and approved by the Department of Taxation prior to the application being considered by NCED. The partial abatement of sales and use taxes imposed by NRS Chapter 374 and the personal property taxes imposed by NRS Chapter 361, if applicable, applies only to the eligible machinery and equipment included on the list approved by the Department of Taxation.

#### Sales and Use Tax Deferral

*Nevada Revised Statutes* 372.397 provides a sales and use tax deferral program for businesses that are determined by NCED to be consistent with the State Plan for Industrial Development and Diversification. Under the deferral program, businesses making purchases of capital goods in excess of \$100,000 can apply to defer payment of the two-percent sales and use tax that is not included in the sales and use tax abatement. The deferral program is not an abatement of taxes, and the entire two-percent tax will ultimately be paid. The deferral program allows the tax to be paid without interest in accordance with the schedule below, depending on the sales price of the capital goods. If the sales price is:

1. At least \$100,000 but less than \$350,000, the tax must be paid within 12 months
2. At least \$350,000 but less than \$600,000, the tax must be paid within 24 months
3. At least \$600,000 but less than \$850,000, the tax must be paid within 36 months
4. At least \$850,000 but less than \$1 million, the tax must be paid within 48 months
5. One million dollars or more, the tax must be paid within 60 months

### Personal Property Tax Abatements

*Nevada Revised Statutes* 361.0687 provides a partial abatement of the personal property taxes imposed by NRS Chapter 361 for the **eligible machinery and equipment** used by a business which has been approved pursuant to NRS 360.750. The partial abatement of personal property taxes applies only to the same list of machinery and equipment eligible for the sales and use tax abatement as established above pursuant to NRS 374.357. The term “eligible machinery and equipment” applies to machinery or equipment for which a deduction is authorized pursuant to 26 U.S.C. § 179 (US Code - Title 26, Section 179: Internal Revenue Code). The term does not include:

1. Buildings or the structural components of buildings
2. Equipment used by a public utility
3. Equipment used for medical treatment
4. Machinery or equipment used in mining
5. Machinery or equipment used in gaming
6. Aircraft (*Effective July 1, 2009, aircraft will be removed from this list by statute.*)

### Real Property Tax Abatements

Businesses that qualify for the partial abatement of taxes on personal property imposed by NRS 361.0687 described above may also qualify for a partial abatement of taxes on real property (land and buildings) if they are engaged in certain recycling activities. *Nevada Revised Statutes* 701A.210 provides a partial abatement of taxes on real property imposed by NRS Chapter 361 if the business engages in the primary trade of preparing, fabricating, manufacturing or otherwise processing raw material or an intermediate product through a process in which at least 50 percent of the material or product is recycled on-site; or the business includes as a primary component a facility for the generation of electricity from recycled material.

*Nevada Revised Statutes* 701A.220 provides for a partial abatement of taxes on both personal property and real property (land and buildings) if the business is a facility for the generation of electricity from renewable energy or a facility for the production of an energy storage device. For businesses that qualify for a partial abatement pursuant NRS 701A.220, the term “eligible machinery and equipment” with regard to the personal property tax abatement applies to **all machinery and equipment that is used in the facility to collect and store the renewable energy and to convert the renewable energy into electricity.** (*Note: NRS 701A.220, which provides the partial abatement of real and personal property taxes for facilities that generate electricity from renewable energy or produce energy storage devices, will expire by statute on June 30, 2009, pursuant to provisions of S.B. 473 passed by the 2003 Nevada Legislature.*)

The amount and duration for which an abatement of real and personal property taxes is granted may be different depending on the type of business receiving the abatement. If the business is approved for a partial abatement pursuant to NRS 360.750 as a basic

industry (creating primary jobs), or through engaging in recycling activities, the abatement of taxes on **real property (pursuant to NRS 701A.210) and personal property (pursuant to NRS 361.0687)** must:

1. Be for a duration of at least one year and not more the ten years.
2. Not exceed 50 percent of the taxes on real and or personal property payable by the business each year pursuant to NRS Chapter 361.

If the business is approved for a partial abatement pursuant to NRS 360.750 based on engaging in energy conservation activities, the abatement of taxes on **real and personal property (pursuant to NRS 701A.220)** must be:

1. For a duration of ten years.
2. Equal to 50 percent of the taxes on real and personal property payable by the facility each year.

Note that the partial abatement of personal and real property taxes authorized pursuant to NRS 361.0687 or NRS 701A.210 for businesses in basic industries (creating primary jobs) or engaging in recycling activities provides discretionary authority for the Commission to determine both the duration and rate for the partial abatement. The partial abatement pursuant to NRS 361.0687 or NRS 701A.210 could range from one to ten years, and the abatement percentage could be any amount less than or equal to 50 percent. However, the partial abatement authorized pursuant to NRS 701A.220 for businesses engaging in energy conservation activities does not provide discretionary authority for the Commission to determine the duration or rate. The partial abatement pursuant to NRS 701A.220 must be for ten years and must equal 50 percent.

#### Modified Business Tax Abatement

*Nevada Revised Statutes* 363B.120 provides for a partial abatement of the Modified Business Tax for general businesses (non-financial institutions) imposed pursuant to NRS 363B.110. Pursuant to NRS 363B.110, the Modified Business Tax rate is .63 percent of total wages, less a deduction for allowable health care expenses. Businesses that are approved for a partial abatement pursuant to NRS 360.750 are entitled to an abatement of 50 percent of the amount of tax otherwise due pursuant to NRS 363B.110 during the first four years of its operation. For a new business, the partial abatement of the Modified Business Tax applies to the number of new employees stated in its application and stipulated to in the agreement required pursuant to NRS 360.750. For an expanding business, the partial abatement of the Modified Business Tax does not apply to existing employees of the business, but does apply to the number of new employees directly related to the expansion as stated in the business's application and agreed to within the agreement with NCED required pursuant to NRS 360.750.

Pursuant to NAC 360.4765, the business must employ the required number of employees as set forth in the agreement with NCED by the end of the first year that the business has been in operation. The business must continue to employ at least that number of employees for:

1. At least five years, or
2. The period specified in the agreement with NCED, whichever is later.

If the Department of Taxation makes a determination that this requirement is not met, NAC 360.4775 stipulates that the business shall be required to repay all taxes that have been abated pursuant to NRS 360.750 plus interest (including all sales and use taxes and property taxes abated, if applicable).

#### **E. Administration of Partial Abatements**

*Nevada Administrative Code* 360.472 requires that all applications for a partial abatement of taxes pursuant to NRS 360.750 be submitted to and evaluated by NCED. Applications submitted to NCED at least 15 working days before its next regularly scheduled monthly meeting will be considered at that meeting, unless NCED determines that the application requires special or additional review and consideration. Applications requiring special or additional review and consideration and those submitted to NCED less than 15 working days before its next regularly scheduled monthly meeting will be considered at the next regularly scheduled meeting immediately following that meeting.

Once an application for any of the partial abatements has been approved by NCED and an agreement with the business has been executed, NRS 360.750, NAC 360.472, and NAC 360.4743 require that NCED immediately forward a certificate of eligibility for the abatement, along with any materials submitted in support of the application, to:

1. The Nevada Department of Taxation.
2. The Nevada Tax Commission.
3. If the partial abatement is from the property tax imposed pursuant to NRS Chapter 361, the county treasurer and assessor of each county in which real or personal property used in connection with the business will be located. Certificate of eligibility must also include a statement of the percentage and duration of the partial abatement.

The Nevada Department of Taxation is responsible for administering the abatement program, and department staff works closely with NCED staff both during and after the application process. *Nevada Administrative Code* 360.4755 requires the Department of Taxation to ensure that the machinery and equipment for which a business claims a partial abatement actually qualifies as eligible machinery or equipment. A complete list of eligible machinery and equipment is reviewed and approved by the Department of

Taxation prior to the application being considered by NCED. The partial abatement of sales and use taxes imposed by NRS Chapter 374 and the personal property taxes imposed by NRS Chapter 361, if applicable, applies only to the eligible machinery and equipment included on the list approved by the Department of Taxation.

Upon receipt of the certificate of eligibility from NCED, the Department of Taxation issues a sales and use tax exemption letter usable only by the approved business for a period of two years. Pursuant to NAC 360.472, a business is allowed a maximum period of 18 months following Commission approval to begin using the partial abatement of sales and use taxes. The start date for the two-year period is determined by the first date on which the business takes delivery (situs) of a piece of eligible equipment. Following receipt of the first piece of equipment, the business may request that the Department of Taxation provide a revised tax exemption letter that reflects the new ending date for the two-year period. As purchases of the eligible machinery and equipment are made by the business during the two-year period, the mandatory two-percent sales and use tax is remitted directly to the Department of Taxation, along with original invoices that must coincide with the specific items included on the approved list of eligible machinery and equipment.

On or before April 15 of each year, NRS 361.0687 requires the Executive Director of NCED to advise the county assessor of each county in which a business qualifies for a partial abatement during the current fiscal year as to whether the business is still eligible for the partial abatement in the next succeeding fiscal year.

If the Department of Taxation finds, through an audit pursuant to NRS 360.750, that a business for which NCED has approved an application for a partial abatement of the taxes has failed to continue to meet any of the requirements set forth in the agreement with NCED, the business will be required to repay all taxes abated plus interest (includes sales and use taxes, Modified Business Taxes and property taxes if applicable). The department shall determine the amount of tax owed to the department in the manner prescribed in NRS 360.300 to 360.400, inclusive. A business against whom the department has made such a determination may, in the manner prescribed in NRS 360.300 to 360.400, inclusive, file an appeal with the Nevada Tax Commission for a determination whether the business has substantially complied with the requirements for the partial abatement approved by NCED pursuant to NRS 360.750.

**F. Summary of Legislative Changes to Nevada Commission on Economic Development Abatements: 1999 to 2007 Legislative Sessions**

The table below provides the basic criteria and qualification structure of the NCED abatements as they existed prior to the 1999 Legislative Session. The tables that follow present details of the changes that occurred to these criteria during each session through 2007.

| <b>Urban Counties - Tax Abatement Programs and Qualification Criteria</b>   |  | <b>Prior to 1999 Session</b>  |
|---|--|---|
| <b>County/City Population Levels Used to Determine Urban Minimum Qualification Criteria</b>   |  | Population requirements were different for each of the abatements: Sales Tax = Same Program Statewide; Personal Property Tax = 100,000 or more; Business Tax = 35,000 or more     |
| <b>Jobs Required</b>  |  | Job requirements were different for each of the abatements: Sales Tax = 10 jobs; Property Tax = 100 jobs; Business Tax = 75 jobs  |
| <b>Wage Required</b>  |  | 125% of Statewide Average   |
| <b>Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)</b>  |  | \$1 Million Investment  |
| <b>Business License Tax (80%/60%/40%/20% Over 4 years)</b>  |  | \$1 Million Investment  |
| <b>Personal Property Tax Abatement (up to 50% for up to 10 years)</b>   |  | \$50 Million Investment   |
| <b>Rural Counties - Tax Abatement Programs and Qualification Criteria</b>   |  | <b>Prior to 1999 Session</b>  |
| <b>County/City Population Levels Used to Determine Qualification Criteria</b>   | PEBP Board Plan for budget reductions based upon: (1) state contribution for active employees must remain flat for both years of the | Population requirements were different for each of the abatements: Sales Tax = Same Program Statewide; Personal Property Tax = less than 100,000, Business Tax = less than 35,000 |
| <b>Jobs Required</b>  |  | Job requirements were different for each of the abatements: Sales Tax = 10 jobs; Property Tax = 35 jobs; Business Tax = 25 jobs.  |
| <b>Wage Required</b>  |  | 125% of Statewide Average   |
| <b>Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)</b>  |  | \$1 Million Investment  |
| <b>Business License Tax (80%/60%/40%/20% Over 4 years)</b>  |  | \$1 Million Investment  |
| <b>Personal Property Tax Abatement (50% for 10 years)</b>   |  | \$20 Million Investment   |
| <b>Energy-Related Tax Abatement Programs</b>  |  | <b>Prior to 1999 Session</b>  |
| <b>Real Property Tax Abatement in Addition to Above (Abatement Varies)</b>  |  | Same Requirements as Above  |
| <b>Recycling Operations (&gt; 50% of Product Components Recycled On-site)</b>   |  | 75% Personal Property Tax Exemption/Up to 10 years; 75% Real Property Tax Exemption/Up to 20 years  |
| <b>Facility for the Generation of Electricity From Recycled Material</b>  |  | 75% Personal Property Tax Exemption/Up to 10 years; 75% Real Property Tax Exemption / Up to 20 years  |
| <b>Renewable Energy Projects (Biomass, Solar or Wind / Minimum 10 Kilowatts)<sup>1</sup></b>  |  | Not Yet Available   |
| <b>Production of Energy Storage Devices (Device for use and storage of electrical energy that alleviates the consumption of fossil fuel and does not produce fossil fuel emissions)</b>   |  | Not Yet Available   |
| <b>Green Building Abatements (LEED Certified Silver or Above)</b>   |  | Not Yet Available   |
| <sup>1</sup> Renewable energy projects eligible to receive real property tax abatements in addition to all other abatements are limited to biomass, solar and wind projects. Other renewable energy projects such as geothermal, fuel cells and waterpower are eligible for the Sales and Use Tax Abatement and Business Tax / Modified Business Tax Abatements only. |  |   |

(Note: **Bold** items within each legislative session column reflect changes that occurred during that session. See previous pages to reference these items prior to changes.)

| <b>Urban Counties - Tax Abatement Programs and Qualification Criteria</b>   |  | <b>1999 Session</b>   |
|---|--|---|
| <b>County/City Population Levels Used to Determine Urban Minimum Qualification Criteria</b>   |  | <b>County/City Population = 50,000 or more</b>  |
| <b>Jobs Required</b>  |  | <b>75</b>   |
| <b>Wage Required</b>  |  | <b>100% of Statewide Average</b>  |
| <b>Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)</b>  |  | <b>\$1 Million Investment</b>   |
| <b>Business License Tax (80%/60%/40%/20% Over 4 years)</b>  |  | <b>\$1 Million Investment</b>   |
| <b>Personal Property Tax Abatement (up to 50% for up to 10 years)</b>   |  | <b>\$50 Million Investment/\$5 Million (Non-Industrial)</b>   |
| <b>Rural Counties - Tax Abatement Programs and Qualification Criteria</b>   |  | <b>1999 Session</b>   |
| <b>County/City Population Levels Used to Determine Rural Minimum Qualification Criteria</b>   |  | <b>County Population less than 50,000</b>   |
| <b>Jobs Required</b>  |  | <b>25</b>   |
| <b>Wage Required</b>  |  | <b>100% of Statewide Average</b>  |
| <b>Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)</b>  |  | <b>\$250,000 Investment</b>   |
| <b>Business License Tax (80%/60%/40%/20% Over 4 years)</b>  |  | <b>\$250,000 Investment</b>   |
| <b>Personal Property Tax Abatement (50% for 10 years)</b>   |  | <b>\$5 Million Investment/\$500,000 (Non-Industrial)</b>  |
| <b>Energy-Related Tax Abatement Programs</b>  |  | <b>1999 Session</b>   |
| <b>Real Property Tax Abatement in Addition to Above (Abatement Varies)</b>  |  | <b>Same Requirements as Above</b>   |
| <b>Recycling Operations (&gt; 50% of Product Components Recycled On-site)</b>   |  | <b>75% Personal Property Tax Exemption/Up to 10 years; 75% Real Property Tax Exemption/Up to 20 years</b> |
| <b>Facility for the Generation of Electricity From Recycled Material</b>  |  | <b>75% Personal Property Tax Exemption/Up to 10 years; 75% Real Property Tax Exemption/Up to 20 years</b> |
| <b>Renewable Energy Projects (Biomass, Solar or Wind / Minimum 10 Kilowatts)<sup>1</sup></b>  |  | <b>Not Yet Available</b>  |
| <b>Production of Energy Storage Devices (Device for use and storage of electrical energy that alleviates the consumption of fossil fuel and does not produce fossil fuel emissions)</b>   |  | <b>Not Yet Available</b>  |
| <b>Green Building Abatements (LEED Certified Silver or Above)</b>   |  | <b>Not Yet Available</b>  |
| <b>Legislation Impacting Abatements</b>   |  | <b>1999 Session</b>   |
|   |  | <b>S.B. 537</b>   |
| <sup>1</sup> Renewable energy projects eligible to receive real property tax abatements in addition to all other abatements are limited to biomass, solar and wind projects. Other renewable energy projects such as geothermal, fuel cells and waterpower are eligible for the Sales and Use Tax Abatement and Business Tax / Modified Business Tax Abatements only. |  |   |

Senate Bill 537 passed by the 1999 Nevada Legislature provided for the revision of the provisions governing tax abatements and provided uniformity in the criteria for qualification with regard to urban and rural areas, number of jobs and capital investment requirements. The bill created NRS 360.750, removed the qualification language from the property, sales and business tax statutes and established provisions for a report of abatements granted to be submitted to the Legislative Counsel Bureau in January of odd years. The wage requirement was reduced from 125 percent of statewide average to 100 percent of statewide average.

(Note: **Bold** items within each legislative session column reflect changes that occurred during that session. See previous pages to reference these items prior to changes.)

| <b>Urban Counties - Tax Abatement Programs and Qualification Criteria</b>   |   | <b>2001 Session</b> |
|---|---|---------------------|
| County/City Population Levels Used to Determine Urban Minimum Qualification Criteria  | <b>County Population = 100,000 or more<br/>City Population = 60,000 or more</b>     |                     |
| Jobs Required   | 75  |                     |
| Wage Required   | 100% of Statewide Average   |                     |
| Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)   | \$1 Million Investment  |                     |
| Business License Tax (80%/60%/40%/20% Over 4 years)   | \$1 Million Investment  |                     |
| Personal Property Tax Abatement (up to 50% for up to 10 years)  | \$50 Million Investment / \$5 Million (Non-Industrial)                              |                     |
| <b>Rural Counties - Tax Abatement Programs and Qualification Criteria</b>   |   | <b>2001 Session</b> |
| County/City Population Levels Used to Determine Rural Minimum Qualification Criteria  | <b>County Population = less than 100,000<br/>City Population = less than 60,000</b> |                     |
| Jobs Required   | 25  |                     |
| Wage Required   | 100% of Statewide Average   |                     |
| Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)   | \$250,000 Investment  |                     |
| Business License Tax (80%/60%/40%/20% Over 4 years)   | \$250,000 Investment  |                     |
| Personal Property Tax Abatement (50% for 10 years)  | \$5 Million Investment / \$500,000 (Non-Industrial)                                 |                     |
| <b>Energy-Related Tax Abatement Programs</b>  |   | <b>2001 Session</b> |
| Real Property Tax Abatement in Addition to Above (Abatement Varies)   | Same Requirements as Above  |                     |
| Recycling Operations (> 50% of Product Components Recycled On-site)   | <b>50% for 10 years</b>   |                     |
| Facility for the Generation of Electricity From Recycled Material   | <b>50% for 10 years</b>   |                     |
| Renewable Energy Projects (Biomass, Solar or Wind / Minimum 10 Kilowatts) <sup>1</sup>  | <b>50% for 10 years</b>   |                     |
| Production of Energy Storage Devices (Device for use and storage of electrical energy that alleviates the consumption of fossil fuel and does not produce fossil fuel emissions)  | Not Yet Available   |                     |
| Green Building Abatements (LEED Certified Silver or Above)  | Not Yet Available   |                     |
| <b>Legislation Impacting Abatements</b>   |   | <b>2001 Session</b> |
|   | S.B. 227  |                     |
|   | A.B. 650  |                     |
| <sup>1</sup> Renewable energy projects eligible to receive real property tax abatements in addition to all other abatements are limited to biomass, solar and wind projects. Other renewable energy projects such as geothermal, fuel cells and waterpower are eligible for the Sales and Use Tax Abatement and Business Tax / Modified Business Tax Abatements only. |   |                     |

Senate Bill 227 passed by the 2001 Nevada Legislature revised the requirements for certain property of recycling businesses to be exempt from taxation; revised, for a limited period, certain partial abatements from taxation for facilities for the generation of electricity from renewable energy; and repealed the provisions that exempt from taxation certain property of businesses that use a facility for the production of electrical energy from solar energy.

Assembly Bill 650, passed by the 2001 Legislature, established separate population thresholds for counties and cities with regard to urban and rural areas. Prior to the approval of A.B. 650, the county/city population threshold for urban areas was 50,000 or more and less than 50,000 for rural areas. Assembly Bill 650 established an urban population threshold of 100,000 or more for a county and 60,000 or more for a city and a rural population threshold of less than 100,000 for a county and less than 60,000 for a city.

(Note: **Bold** items within each legislative session column reflect changes that occurred during that session. See previous pages to reference these items prior to changes.)

| Urban Counties - Tax Abatement Programs and Qualification Criteria  |   | 2003 Session |
|---|---|--------------|
| County/City Population Levels Used to Determine Urban Minimum Qualification Criteria  | <b>County Population = 100,000 or more</b><br><b>City Population = 60,000 or more</b> |              |
| Jobs Required   | 75  |              |
| Wage Required   | 100% of Statewide Average   |              |
| Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)   | \$1 Million Investment  |              |
| Business License Tax (80%/60%/40%/20% Over 4 years) (Repealed)  | <b>N/A</b>  |              |
| Personal Property Tax Abatement (up to 50% for up to 10 years)  | \$50 Million Investment / <b>\$2 Million (Non-Industrial)</b>                         |              |
| Rural Counties - Tax Abatement Programs and Qualification Criteria  |   | 2003 Session |
| County/City Population Levels Used to Determine Rural Minimum Qualification Criteria  | County Population = less than 100,000<br>City Population = less than 60,000           |              |
| Jobs Required   | <b>15</b>   |              |
| Wage Required   | 100% of Statewide Average   |              |
| Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)   | \$250,000 Investment  |              |
| Modified Business Tax (50% for 4 years)   | <b>\$250,000 Investment (Effective 7/1/2005)</b>                                      |              |
| Personal Property Tax Abatement (50% for 10 years)  | <b>\$500,000 Industrial or Non-Industrial</b>   |              |
| Energy-Related Tax Abatement Programs   |   | 2003 Session |
| Real Property Tax Abatement in Addition to Above (Abatement Varies)   | Same Requirements as Above  |              |
| Recycling Operations (> 50% of Product Components Recycled On-site)   | 50% for 10 years  |              |
| Facility for the Generation of Electricity From Recycled Material   | 50% for 10 years  |              |
| Renewable Energy Projects (Biomass, Solar or Wind / Minimum 10 Kilowatts) <sup>1</sup>  | 50% for 10 years  |              |
| Production of Energy Storage Devices (Device for use and storage of electrical energy that alleviates the consumption of fossil fuel and does not produce fossil fuel emissions)  | <b>50% for 10 years</b>   |              |
| Green Building Abatements (LEED Certified Silver or Above)  | Not Yet Available   |              |
| Legislation Impacting Abatements  |   | 2003 Session |
|   | S.B. 473  |              |
|   | S.B. 8 (20 <sup>th</sup> S.S.)  |              |
| <sup>1</sup> Renewable energy projects eligible to receive real property tax abatements in addition to all other abatements are limited to biomass, solar and wind projects. Other renewable energy projects such as geothermal, fuel cells and waterpower are eligible for the Sales and Use Tax Abatement and Business Tax / Modified Business Tax Abatements only. |   |              |

Senate Bill 473 passed by the 2003 Nevada Legislature made various changes to the provisions governing the abatements for new or expanded businesses and extended the prospective expiration of certain provisions; reduced rural jobs requirement from 25 to 15; added a provision for intellectual property; and reduced the urban capital investment requirements for personal property tax abatement from \$5 million to \$2 million for non-industrial or manufacturing-based businesses. Senate Bill 473 reduced rural capital investment requirements for personal property tax abatement

from \$5 million to \$500,000 for all types of businesses and added provisions for energy storage devices. Senate Bill 8 of the 20<sup>th</sup> Special Session (2003) repealed the Business License Tax Abatement and established the Modified Business Tax Abatement of 50 percent for four years effective July 1, 2005.

(Note: **Bold** items within each legislative session column reflect changes that occurred during that session. See previous pages to reference these items prior to changes.)

| Urban Counties - Tax Abatement Programs and Qualification Criteria  |   | 2005 Session |
|---|---|--------------|
| County/City Population Levels Used to Determine Urban Minimum Qualification Criteria  | County Population = 100,000 or more<br>City Population = 60,000 or more   |              |
| Jobs Required   | 75  |              |
| Wage Required   | 100% of Statewide Average   |              |
| Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)   | <b>\$1 Million Investment</b>   |              |
| Modified Business Tax (50% for 4 years)   | \$1 Million Investment  |              |
| Personal Property Tax Abatement (up to 50% for up to 10 years)  | \$50 Million Investment/\$2 Million (Non-Industrial)  |              |
| Rural Counties - Tax Abatement Programs and Qualification Criteria  |   | 2005 Session |
| County/City Population Levels Used to Determine Rural Minimum Qualification Criteria  | County Population = less than 100,000<br>City Population = less than 60,000   |              |
| Jobs Required   | 15  |              |
| Wage Required   | <b>100% of Statewide or County Average (Whichever is less)</b>  |              |
| Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)   | \$250,000 Investment  |              |
| Modified Business Tax (50% for 4 years)   | \$250,000 Investment  |              |
| Personal Property Tax Abatement (50% for 10 years)  | \$500,000 Industrial or Non-Industrial  |              |
| Energy Related Tax Abatement Programs   |   | 2005 Session |
| Real Property Tax Abatement in Addition to Above (Abatement Varies)   | Same Requirements as Above  |              |
| Recycling Operations (> 50% of Product Components Recycled On-site)   | 50% for 10 years  |              |
| Facility for the Generation of Electricity From Recycled Material   | 50% for 10 years  |              |
| Renewable Energy Projects (Biomass, Solar or Wind / Minimum 10 Kilowatts) <sup>1</sup>  | 50% for 10 years  |              |
| Production of Energy Storage Devices (Device for use and storage of electrical energy that alleviates the consumption of fossil fuel and does not produce fossil fuel emissions)  | 50% for 10 years  |              |
| Green Building Abatements (LEED Certified Silver or Above)  | <b>Real property (land and buildings) tax abatement from 35% to 50% for 10 years based on LEED points/level achieved.</b> |              |
| Legislation Impacting Abatements  |   | 2005 Session |
|   | A.B. 3 (22 <sup>nd</sup> S.S.)  |              |
|   | S.B. 339  |              |
| <sup>1</sup> Renewable energy projects eligible to receive real property tax abatements in addition to all other abatements are limited to biomass, solar and wind projects. Other renewable energy projects such as geothermal, fuel cells and waterpower are eligible for the Sales and Use Tax Abatement and Business Tax / Modified Business Tax Abatements only. |   |              |

Assembly Bill 3 passed by the 2005 Nevada Legislature during the 22<sup>nd</sup> Special Session made various changes to encourage energy efficiency in construction and renovation and provided for partial abatements to be extended to include certain energy efficient buildings and green buildings that meet standards established by the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) criteria. Assembly Bill 3 allowed for a partial abatement of sales and use taxes related to construction materials to be granted through the Nevada Department of Taxation, in addition to a partial abatement of real and personal property taxes granted through NCED (see Green Building Tax Abatements).

Senate Bill 339 passed by the 2005 Nevada Legislature revised the rural area provisions concerning the average hourly wage, allowing 100 percent of the statewide or countywide average wage (whichever is less) to be paid by a new or expanded business seeking a partial abatement of certain taxes. Senate Bill 339 also prohibited the Commission on Economic Development from considering an application for an abatement without requesting a letter of acknowledgment of the request for the abatement from certain affected local governments and required the Department of Employment, Training and Rehabilitation to determine the average hourly wage for non-managerial employees and report to the Legislature concerning the average hourly wage required to be paid to be eligible for the partial abatement of certain taxes.

(Note: **BOLD** items within each legislative session column reflect changes that occurred during that session. See previous pages to reference these items prior to changes.)

| <b>Urban Counties - Tax Abatement Programs and Qualification Criteria</b>   |  | <b>2007 Session</b>   |
|---|--|---|
| <b>County/City Population Levels Used to Determine Urban Minimum Qualification Criteria</b>   |  | <b>County Population = 100,000 or more<br/>City Population = 60,000 or more</b>   |
| <b>Jobs Required</b>  |  | 75  |
| <b>Wage Required</b>  |  | 100% of Statewide Average   |
| <b>Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)</b>  |  | \$1 Million Investment  |
| <b>Modified Business Tax (50% for 4 years)</b>  |  | \$1 Million Investment  |
| <b>Personal Property Tax Abatement (up to 50% for up to 10 years)</b>   |  | \$50 Million Investment / \$2 Million (Non-Industrial)  |
| <b>Rural Counties - Tax Abatement Programs and Qualification Criteria</b>   |  | <b>2007 Session</b>   |
| <b>County/City Population Levels Used to Determine Rural Minimum Qualification Criteria</b>   |  | County Population = less than 100,000<br>City Population = less than 60,000   |
| <b>Jobs Required</b>  |  | 15  |
| <b>Wage Required</b>  |  | 100% of Statewide or County Average (Whichever is less)   |
| <b>Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)</b>  |  | \$250,000 Investment  |
| <b>Modified Business Tax (50% for 4 years)</b>  |  | \$250,000 Investment  |
| <b>Personal Property Tax Abatement (50% for 10 years)</b>   |  | \$500,000 Industrial or Non-Industrial  |
| <b>Energy-Related Tax Abatement Programs</b>  |  | <b>2007 Session</b>   |
| <b>Real Property Tax Abatement in Addition to Above (Abatement Varies)</b>  |  | Same Requirements as Above  |
| <b>Recycling Operations (&gt; 50% of Product Components Recycled On-site)</b>   |  | 50% for 10 years  |
| <b>Facility for the Generation of Electricity From Recycled Material</b>  |  | 50% for 10 years  |
| <b>Renewable Energy Projects (Biomass, Solar or Wind / Minimum 10 Kilowatts)<sup>1</sup></b>  |  | 50% for 10 years  |
| <b>Production of Energy Storage Devices (Device for use and storage of electrical energy that alleviates the consumption of fossil fuel and does not produce fossil fuel emissions)</b>   |  | 50% for 10 years  |
| <b>Green Building Abatements (LEED Certified Silver or Above)</b>   |  | <b>Real property (buildings only) tax Abatement from 25% to 35% (other than taxes for education) based on LEED level achieved. Removed sales tax exemption, removed land from real property tax abatement, removed school district funding from real and personal property tax abatement.</b> |
| <b>Legislation Impacting Abatements</b>   |  | <b>2007 Session</b>   |
|   |  | S.B. 437  |
|   |  | A.B. 621  |
| <sup>1</sup> Renewable energy projects eligible to receive real property tax abatements in addition to all other abatements are limited to biomass, solar and wind projects. Other renewable energy projects such as geothermal, fuel cells and waterpower are eligible for the Sales and Use Tax Abatement and Business Tax / Modified Business Tax Abatements only. |  |   |

Senate Bill 437 passed by the 2007 Nevada Legislature established additional requirements that must be agreed to by new or expanded businesses that receive a partial abatement of taxes pursuant to NRS 360.750. Businesses that receive such a partial abatement are required to allow the Department of Taxation to conduct audits of the business to determine whether it is in compliance with the requirements for the partial abatement and consent to the disclosure of the audit reports to the Commission on Economic Development and to the public, with certain limited exceptions to protect confidential or proprietary information.

Assembly Bill 621 passed by the 2007 Nevada Legislature made various changes to the application procedures and provisions for green building tax abatements that were originally included in A.B. 3 passed by the 2005 Nevada Legislature (see Green Building Abatements in Section III for additional information). Pursuant to A.B. 621, the green building rating system adopted by the Nevada State Office of Energy was required to be based specifically on the U.S. Green Building Council's LEED system rather than any equivalent rating systems. The agency responsible for approving applications for partial abatements was moved to the Department of Taxation from the Nevada Commission on Economic Development. The provisions that allowed for a partial abatement of sales and use taxes on construction materials were eliminated. The provisions for a partial abatement of real property taxes were modified to remove the value of land from being eligible for the abatement, the maximum percentage of the partial abatement was reduced from 50 percent to 35 percent, and any taxes dedicated to educational funding were also removed from being eligible for the abatement. Assembly Bill 621 also included provisions that established criteria for determining projects in progress that would be eligible to receive the green building abatement program under the original provisions of A.B. 3.

(Note: Changes reflected in this table will take effect on July 1, 2009, based on provisions included in legislation discussed with the above tables.)

| <b>Urban Counties - Tax Abatement Programs and Qualification Criteria</b>   |  | <b>Effective July 1, 2009</b>                                 |
|---|--|---|
| <b>County/City Population Levels Used to Determine Urban Minimum Qualification Criteria</b>   |  |   |
| <b>Jobs Required</b>  |  |   |
| <b>Wage Required</b>  |  |   |
| <b>Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)</b>  |  |   |
| <b>Modified Business Tax (50% for 4 years)</b>  |  |   |
| <b>Personal Property Tax Abatement (up to 50% for up to 10 years)</b>   |  | <b>\$50 Million Investment / \$5 Million (Non-Industrial)</b> |
|   |  |   |
| <b>Rural Counties - Tax Abatement Programs and Qualification Criteria</b>   |  | <b>Changes Effective July 1, 2009</b>                         |
| <b>County/City Population Levels Used to Determine Rural Minimum Qualification Criteria</b>   |  |   |
| <b>Jobs Required</b>  |  |   |
| <b>Wage Required</b>  |  |   |
| <b>Sales/Use Tax Abatement (Includes All Rates Except State 2% Imposed by NRS Chapter 372)</b>  |  |   |
| <b>Modified Business Tax (50% for 4 years)</b>  |  |   |
| <b>Personal Property Tax Abatement (50% for 10 years)</b>   |  | <b>\$5 Million Investment / \$500,000 (Non-Industrial)</b>    |
|   |  |   |
| <b>Energy Related Tax Abatement Programs</b>  |  | <b>Changes Effective July 1, 2009</b>                         |
| <b>Real Property Tax Abatement in Addition to Above (Abatement Varies)</b>  |  |   |
| <b>Recycling Operations (&gt; 50% of Product Components Recycled On-site)</b>   |  |   |
| <b>Facility for the Generation of Electricity From Recycled Material</b>  |  |   |
| <b>Renewable Energy Projects (Biomass, Solar or Wind/Minimum 10 Kilowatts)<sup>1</sup></b>  |  | <b>Expires by statute on June 30, 2009</b>                    |
| <b>Production of Energy Storage Devices (Device for use and storage of electrical energy that alleviates the consumption of fossil fuel and does not produce fossil fuel emissions)</b>   |  | <b>Expires by statute on June 30, 2009</b>                    |
| <b>Green Building Abatements (LEED Certified Silver or Above)</b>   |  |   |
| <sup>1</sup> Renewable energy projects eligible to receive real property tax abatements in addition to all other abatements are limited to biomass, solar and wind projects. Other renewable energy projects such as geothermal, fuel cells and waterpower are eligible for the Sales and Use Tax Abatement and Business Tax / Modified Business Tax Abatements only. |  |   |

**G. Summary of Nevada Commission on Economic Development Abatements  
Approved: Fiscal Years 1999-2008**

The following table presents a comprehensive list of all partial abatements of sales and use taxes, real or personal property taxes, or business tax/Modified Business Taxes approved by NCED from FY 1999 through FY 2008. ***It is important to note that this list includes all businesses that were approved for abatements by NCED and does not represent all businesses that actually used the approved abatements. For a variety of reasons, the approved abatements may never actually be used. For example, the businesses may decide not to locate or expand in Nevada, may decide not to execute the agreement and thus are not bound by the terms of the agreement, or may fail to maintain the terms of the agreement throughout the five-year period required and would ultimately be required to repay all taxes abated.***

To avoid double counting of approval activity aggregated by fiscal year, the source data provided by NCED has been modified to consolidate approvals when the approval was a reconsideration of a previous application submitted by the same business. Reconsideration of an application generally occurs as a result of a change in the project scope or timeline requested by the business. As a general rule, the activity has been recorded in this table based on the latest date that an approval was granted by NCED, and the original approvals have been omitted.

The amounts shown for the sales and use tax abatements include the Local School Support Tax (LSST), the Basic City/County Relief Tax (BCCRT), the Supplemental City/County Relief Tax (SCCRT) and any local rates imposed pursuant to NRS 377A, NRS 377B or special act.

## Sales and Use Tax Abatements, Property Tax Abatements and Business/Modified Business Tax Abatements Approved by NCED FY 1999-FY 2008

**M**=Manufacturing; **M/D**=Manufacturing/Distribution **S**=Service; **R/D**=Research and Development; **P**=Printing; **W/D**=Warehouse/Distribution; **RE**=Renewable Energy; **RECYC**=Recycling; **GB**=Green Building; **HQ**=Corporate Headquarters; **N**=New; **E**=Expansion; **R**=Retained

| Date                      | Company  | Type | New/Exp | County | Total Amount of Capital Investment                  | # of New Jobs | Total Wages           | Average Wage | Estimated Sales and Use Tax Abatement Approved | Amount of Business Tax or Modified Business Tax Abatement | Amount of Personal Property Tax Abatement | Amount of Real Property Tax Abatement |  |
|---------------------------|--|------|---------|--------|---|---------------|-----------------------|--------------|--|---|---|---------------------------------------|--|
| 08/06/98                  | Royal Sierra Extrusions                            | M    | E       | WA     | \$ 1,991,192  | 23            | \$ 618,571            | \$ 12.93     | \$ 98,315                                      |   |   |                                       |  |
| 08/06/98                  | Dunsan Equipment Corp.                             | M    | N       | CL     | \$ 800,364  | 23            | \$ 1,011,816          | \$ 21.15     | \$ 39,518                                      |   |   |                                       |  |
| 08/06/98                  | Dongsung America Co.                               | M/D  | N       | CL     | \$ 4,500,000  | 77            | \$ 2,179,778          | \$ 13.61     | \$ 222,188                                     | \$ 15,400   |   |                                       |  |
| 09/10/98                  | Trex Company LLC #1                                | M    | N       | LY     | \$ 15,000,000                                       | 56            | \$ 1,581,798          | \$ 13.58     | \$ 666,563                                     | \$ 11,200   | 75%/10yrs                                 | 75%/20yr                              |  |
| 09/10/98                  | A-55 LP  | M/D  | E       | WA     | \$ 1,482,565  | 39            | \$ 1,619,966          | \$ 19.97     | \$ 73,202                                      |   |   |                                       |  |
| 09/10/98                  | High Vacuum Apparatus (HVA)                        | M/D  | E       | WA     | \$ 5,804,500  | 42            | \$ 1,546,272          | \$ 17.70     | \$ 286,597                                     |   |   |                                       |  |
| 09/10/98                  | AB Tube Processing, Inc.                           | M    | N       | CL     | \$ 2,853,166  | 35            | \$ 1,366,456          | \$ 18.77     | \$ 140,875                                     |   |   |                                       |  |
| 09/10/98                  | Global Source Technologies                         | S    | N       | CL     | \$ 10,001,700                                       | 357           | \$ 11,138,400         | \$ 15.00     | \$ 493,834                                     | \$ 71,400   |   |                                       |  |
| 10/08/98                  | Natural Vitamin Company                            | M/D  | N       | CL     | \$ 6,799,620  | 35            | \$ 1,007,552          | \$ 13.84     | \$ 335,731                                     |   |   |                                       |  |
| 11/12/98                  | Sunterra Financial Services                        | S    | N       | CL     | \$ 1,208,250  | 57            | \$ 1,732,162          | \$ 14.61     | \$ 59,657                                      |   |   |                                       |  |
| 11/12/98                  | Image Entertainment, Inc.                          | W/D  | N       | CL     | \$ 2,500,000  | 25            | \$ 733,200            | \$ 14.10     | \$ 123,438                                     |   |   |                                       |  |
| 11/12/98                  | Edison Enterprises                                 | S    | N       | CL     | \$ 8,500,000  | 300           | \$ 8,736,000          | \$ 14.00     | \$ 419,688                                     | \$ 60,000   |   |                                       |  |
| 01/14/99                  | Polyvision, Inc.                                   | M    | E       | WA     | \$ 2,607,500  | 10            | \$ 300,144            | \$ 14.43     | \$ 128,745                                     |   |   |                                       |  |
| 01/14/99                  | Ceridian Tax Services, Inc.                        | S    | N       | CL     | \$ 5,375,500  | 10            | \$ 444,912            | \$ 21.39     | \$ 265,415                                     |   |   |                                       |  |
| 01/14/99                  | Kleerdex Company                                   | M    | N       | WA     | \$ 6,711,000  | 19            | \$ 586,082            | \$ 14.83     | \$ 331,356                                     |   |   |                                       |  |
| 01/14/99                  | Mexico Plastics Co., Inc. dba Continental Products | M    | N       | CL     | \$ 3,514,934  | 47            | \$ 1,309,984          | \$ 13.40     | \$ 173,550                                     |   |   |                                       |  |
| 03/11/99                  | Citizen's Mortgage                                 | S/HQ | N       | DO     | \$ 295,105  | 75            | \$ 2,921,880          | \$ 18.73     | \$ 13,114                                      | \$ 15,000   |   |                                       |  |
| 05/13/99                  | TekTube Group LLC                                  | M    | N       | CL     | \$ 1,592,100  | 10            | \$ 280,800            | \$ 13.50     | \$ 82,540                                      |   |   |                                       |  |
| 05/13/99                  | New Life Bakery                                    | M    | E       | CC     | \$ 1,840,000  | 15            | \$ 452,400            | \$ 14.50     | \$ 90,850                                      |   |   |                                       |  |
| 06/30/99                  | Feldmeier Equipment Co.                            | M    | N       | LY     | \$ 1,500,000  | 30            | \$ 873,600            | \$ 14.00     | \$ 66,656                                      | \$ 6,000  |   |                                       |  |
| 06/30/99                  | The Winning Combination                            | M    | E       | CL     | \$ 1,449,725  | 60            | \$ 1,966,848          | \$ 15.76     | \$ 71,580                                      |   |   |                                       |  |
| <b>Totals for FY 1999</b> |  |      |         |        | <b>Statewide Average Wage Requirement - \$13.37</b> |               | <b>\$ 86,327,221</b>  | <b>1,345</b> | <b>\$ 42,408,621</b>                           | <b>\$ 15.16</b>   | <b>\$ 4,183,411</b>                       | <b>\$ 179,000</b>                     |  |
| 08/11/99                  | Overhead Door Corporation                          | M    | N       | WA     | \$ 5,149,000  | 128           | \$ 3,836,518          | \$ 14.41     | \$ 266,943                                     | \$ 25,600   |   |                                       |  |
| 08/11/99                  | Trident Tube Industries                            | M    | N       | LY     | \$ 20,288,172                                       | 60            | \$ 1,905,696          | \$ 15.27     | \$ 901,556                                     | \$ 12,000   |   |                                       |  |
| 10/14/99                  | Royal Sierra Extrusions                            | M    | E       | ST     | \$ 20,104,500                                       | 147           | \$ 4,433,520          | \$ 14.50     | \$ 992,660                                     | \$ 29,400   |   |                                       |  |
| 10/14/99                  | Kloehn Company Ltd.                                | M    | E       | CL     | \$ 1,591,765  | 14            | \$ 422,531            | \$ 14.51     | \$ 82,523                                      | \$ 2,800  |   |                                       |  |
| 10/14/99                  | Continental PET Tech, Inc.                         | M    | N       | CL     | \$ 19,442,700                                       | 76            | \$ 2,366,458          | \$ 14.97     | \$ 1,007,982                                   | \$ 15,200   |   |                                       |  |
| 10/14/99                  | Custom Services Int'l                              | M    | N       | CL     | \$ 12,363,035                                       | 96            | \$ 2,448,077          | \$ 12.26     | \$ 640,946                                     | \$ 19,200   |   |                                       |  |
| 11/10/99                  | Quebecor Printing, Inc., NV                        | P    | E       | LY     | \$ 12,600,000                                       | 75            | \$ 2,681,640          | \$ 17.19     | \$ 559,913                                     | \$ 15,000   | 50%/10yrs                                 |                                       |  |
| 11/10/99                  | Georgia-Pacific Gypsum                             | M    | E       | CL     | \$ 23,900,000                                       | 26            | \$ 960,461            | \$ 17.76     | \$ 1,239,066                                   | \$ 5,200  |   |                                       |  |
| 01/12/00                  | Ford Motor Credit Company                          | S    | N       | CL     | \$ 7,596,254  | 525           | \$ 18,443,880         | \$ 16.89     | \$ 393,818                                     | \$ 105,000  |   |                                       |  |
| 01/12/00                  | SimpleSearch.com                                   | S/HQ | E       | CL     | \$ 1,593,905  | 76            | \$ 2,643,098          | \$ 16.72     | \$ 82,634                                      | \$ 15,200   |   |                                       |  |
| 04/12/00                  | Medalliac Art Co., Ltd.                            | M    | E       | LY     | \$ 615,304  | 6             | \$ 182,333            | \$ 14.61     | \$ 27,343                                      |   |   |                                       |  |
| 04/12/00                  | TRW Vehicle Safety Systems                         | M    | E       | ST     | \$ 8,315,000  | 57            | \$ 2,287,022          | \$ 19.29     | \$ 410,553                                     | \$ 11,400   |   |                                       |  |
| 04/12/00                  | Solntec North America, Inc.                        | S    | N       | WA     | \$ 3,760,000  | 25            | \$ 1,651,000          | \$ 31.75     | \$ 194,933                                     | \$ 5,000  |   |                                       |  |
| 04/12/00                  | Darja Laboratories, Inc.                           | M    | E       | DO     | \$ 3,429,367  | 24            | \$ 1,113,216          | \$ 22.30     | \$ 160,859                                     | \$ 4,800  |   |                                       |  |
| 05/10/00                  | Avery Dennison Corp.                               | S    | N       | CL     | \$ 3,612,100  | 86            | \$ 2,822,726          | \$ 15.78     | \$ 187,265                                     | \$ 17,200   |   |                                       |  |
| 05/10/00                  | iSwag, Inc.  | S    | N       | CL     | \$ 1,604,330  | 80            | \$ 3,501,056          | \$ 21.04     | \$ 83,174                                      |   |   |                                       |  |
| 06/14/00                  | QEP, Co., Inc.                                     | M    | N       | CL     | \$ 1,000,000  | 60            | \$ 1,762,176          | \$ 14.12     | \$ 51,844                                      | \$ 12,000   |   |                                       |  |
| 06/14/00                  | Century Advertising & Prod.                        | S    | E       | CL     | \$ 1,204,187  | 8             | \$ 343,616            | \$ 20.65     | \$ 62,430                                      | \$ 1,200  |   |                                       |  |
| <b>Totals for FY 2000</b> |  |      |         |        | <b>Statewide Average Wage Requirement - \$14.12</b> |               | <b>\$ 148,169,619</b> | <b>1,569</b> | <b>\$ 53,805,024</b>                           | <b>\$ 16.49</b>   | <b>\$ 7,346,440</b>                       | <b>\$ 296,200</b>                     |  |

## Sales and Use Tax Abatements, Property Tax Abatements and Business/Modified Business Tax Abatements Approved by NCED FY 1999-FY 2008

**M**=Manufacturing; **M/D**=Manufacturing/Distribution **S**=Service; **R/D**=Research and Development; **P**=Printing; **W/D**=Warehouse/Distribution; **RE**=Renewable Energy; **RECYC**=Recycling; **GB**=Green Building; **HQ**=Corporate Headquarters; **N**=New; **E**=Expansion; **R**=Retained

| Date                      | Company                                | Type  | New/Exp | County | Total Amount of Capital Investment                  | # of New Jobs | Total Wages           | Average Wage | Estimated Sales and Use Tax Abatement Approved | Amount of Business Tax or Modified Business Tax Abatement | Amount of Personal Property Tax Abatement | Amount of Real Property Tax Abatement |
|---------------------------|--|-------|---------|--------|---|---------------|-----------------------|--------------|--|---|---|---------------------------------------|
| 07/12/00                  | CommScope Inc. of Nevada               | M     | N       | WA     | \$ 4,028,200  | 57            | \$ 1,719,120          | \$ 14.50     | \$ 208,837                                     | \$ 11,400   |   |                                       |
| 07/12/00                  | Consumer Financial Services, Inc.      | S     | N       | CL     | \$ 1,118,265  | 462           | \$ 17,777,760         | \$ 18.50     | \$ 57,975                                      | \$ 92,400   |   |                                       |
| 07/12/00                  | Advance Polybag (NV) Inc.              | M     | N       | CL     | \$ 9,880,000  | 84            | \$ 2,729,126          | \$ 15.62     | \$ 512,216                                     | \$ 16,800   |   |                                       |
| 08/09/00                  | Diamond Plastics                       | M     | E       | HU     | \$ 4,706,740  | 20            | \$ 596,960            | \$ 14.35     | \$ 209,156                                     | \$ 4,000  | 50%/10yrs                                 |                                       |
| 08/09/00                  | P&H MinePro Services                   | S     | E       | EL     | \$ 486,715  | 9             | \$ 360,360            | \$ 19.25     | \$ 21,628                                      | \$ 1,800  | 50%/10yrs                                 |                                       |
| 09/13/00                  | High Vacuum Apparatus (HVA)            | M     | E       | WA     | \$ 5,449,000  | 20            | \$ 696,800            | \$ 16.75     | \$ 282,497                                     | \$ 4,000  | 50%/10yrs                                 |                                       |
| 09/13/00                  | Prowertrusion 2000 Int'l.              | M     | N       | CL     | \$ 5,353,041  | 36            | \$ 1,322,381          | \$ 17.66     | \$ 277,522                                     | \$ 7,120  |   |                                       |
| 09/13/00                  | Sunshine Fresh, Inc.                   | M     | N       | CL     | \$ 250,000  | 8             | \$ 270,067            | \$ 16.23     | \$ 12,961                                      | \$ 1,600  |   |                                       |
| 10/11/00                  | Arrow Electronics                      | W/D   | E       | WA     | \$ 13,000,000                                       | 66            | \$ 2,031,744          | \$ 14.80     | \$ 673,969                                     | \$ 13,200   |   |                                       |
| 10/11/00                  | ShareGate, Inc.                        | M/D   | E       | WA     | \$ 2,930,200  | 60            | \$ 4,867,200          | \$ 39.00     | \$ 151,913                                     | \$ 12,000   | 50%/10yrs                                 |                                       |
| 10/11/00                  | Trex Company LLC                       | M     | E       | LY     | \$ 58,540,000                                       | 139           | \$ 4,247,173          | \$ 14.69     | \$ 2,601,371                                   | \$ 27,800   | 75%/5yrs                                  | 75%/5yrs                              |
| 11/08/00                  | Intuit, Inc.                           | S     | E       | WA     | \$ 6,693,300  | 234           | \$ 8,035,747          | \$ 16.51     | \$ 347,006                                     | \$ 46,800   | 50%/10yrs                                 |                                       |
| 11/08/00                  | Bigelow Aerospace                      | M     | E       | CL     | \$ 500,000  | 8             | \$ 290,701            | \$ 17.47     | \$ 25,922                                      | \$ 1,600  |   |                                       |
| 02/14/01                  | Travelscape.com                        | S     | E       | CL     | \$ 1,776,757  | 103           | \$ 3,220,027          | \$ 15.03     | \$ 92,114                                      | \$ 20,600   |   |                                       |
| 02/14/01                  | ITS Logistics (Mobile Advertising Co.) | W/D   | E       | WA     | \$ 488,000  | 12            | \$ 388,128            | \$ 15.55     | \$ 25,300                                      | \$ 2,400  |   |                                       |
| 03/14/01                  | 21st Century Financial Sys.            | S     | N       | CL     | \$ 4,087,864  | 315           | \$ 10,280,088         | \$ 15.69     | \$ 211,930                                     | \$ 63,000   | 50%/10yrs                                 |                                       |
| 03/14/01                  | Quebecor Printing, Inc., NV            | P     | E       | LY     | \$ 4,705,000  | 35            | \$ 1,204,112          | \$ 16.54     | \$ 209,078                                     | \$ 7,000  | 50%/10yrs                                 |                                       |
| 05/09/01                  | Triiriga, Inc.                         | M/R&D | N       | CL     | \$ 15,419,846                                       | 136           | \$ 9,682,982          | \$ 34.23     | \$ 799,423                                     |   |   |                                       |
| 05/09/01                  | Varian Medical Systems                 | M     | N       | CL     | \$ 8,485,500  | 86            | \$ 4,788,618          | \$ 26.77     | \$ 439,920                                     | \$ 17,200   | 50%/10yrs                                 |                                       |
| 05/09/01                  | Opticomp Corporation                   | M/R&D | E       | DO     | \$ 8,566,000  | 36            | \$ 2,724,883          | \$ 36.39     | \$ 401,799                                     | \$ 7,200  | 50%/10yrs                                 |                                       |
| <b>Totals for FY 2001</b> |  |       |         |        | <b>Statewide Average Wage Requirement - \$14.61</b> |               | <b>\$ 156,464,428</b> | <b>1,926</b> | <b>\$ 77,233,978</b>                           | <b>\$ 19.28</b>   | <b>\$ 7,562,536</b>                       | <b>\$ 357,920</b>                     |
| 08/08/01                  | Sierra Sciences, Inc.                  | M/R&D | E       | WA     | \$ 411,920  | 8             | \$ 526,323            | \$ 31.63     | \$ 21,355                                      | \$ 1,600  | 50%/10yrs                                 |                                       |
| 08/08/01                  | Vanguard Integrity Professionals       | M/S   | E       | CL     | \$ 533,744  | 15            | \$ 1,034,280          | \$ 33.15     | \$ 27,671                                      | \$ 3,000  |   |                                       |
| 08/08/01                  | Impac Medical Systems, Inc.            | S     | E       | CL     | \$ 892,476  | 59            | \$ 2,704,749          | \$ 22.04     | \$ 41,863                                      | \$ 11,800   | 50%/10yrs                                 |                                       |
| 08/08/01                  | Arclight Systems, LLC                  | S     | N       | CL     | \$ 8,502,411  | 47            | \$ 3,214,349          | \$ 32.88     | \$ 440,797                                     | \$ 9,400  | 50%/10yrs                                 |                                       |
| 08/08/01                  | Sunstone Plating, Inc.                 | M     | N       | CL     | \$ 3,520,000  | 26            | \$ 847,434            | \$ 15.67     | \$ 182,490                                     | \$ 5,200  |   |                                       |
| 11/14/01                  | Starbucks Manufacturing Corp.          | M     | N       | DO     | \$ 28,564,575                                       | 88            | \$ 2,998,195          | \$ 16.38     | \$ 1,339,857                                   | \$ 17,600   | 50%/10yrs                                 |                                       |
| 11/14/01                  | Tsuda Surface Technologies, Inc.       | M     | N       | CL     | \$ 1,503,065  | 40            | \$ 1,295,424          | \$ 15.57     | \$ 77,925                                      | \$ 8,000  | 50%/10yrs                                 |                                       |
| 12/12/01                  | The Griffin Group, Inc                 | S     | E       | CL     | \$ 3,475,976  | 32            | \$ 1,084,262          | \$ 16.29     | \$ 180,208                                     | \$ 6,400  | 50%/10yrs                                 |                                       |
| 12/12/01                  | HSS Systems, LLC                       | S     | N       | CL     | \$ 4,922,968  | 142           | \$ 5,399,181          | \$ 18.28     | \$ 255,225                                     | \$ 28,400   | 50%/10yrs                                 |                                       |
| 12/12/01                  | General Motors Service Parts           | W/D   | R       | WA     | \$ 12,517,000                                       | 152           | \$ 8,536,320          | \$ 27.00     | \$ 648,928                                     | \$ 30,400   | 50%/10yrs                                 |                                       |
| 12/12/01                  | VEKA West, Inc.                        | M/D   | E       | WA     | \$ 2,859,288  | 18            | \$ 489,715            | \$ 13.08     | \$ 148,236                                     | \$ -  |   |                                       |
| 02/13/02                  | A.R.E. Inc                             | M     | N       | LY     | \$ 1,883,410  | 151           | \$ 4,758,312          | \$ 15.15     | \$ 83,694                                      | \$ 30,400   | 50%/5yrs                                  |                                       |
| 04/10/02                  | Potlatch Corporation                   | M     | E       | CL     | \$ 48,500,000                                       | 66            | \$ 3,081,936          | \$ 22.45     | \$ 2,514,422                                   | \$ 13,200   | 50%/10yrs                                 |                                       |
| <b>Totals for FY 2002</b> |  |       |         |        | <b>Statewide Average Wage Requirement - \$15.09</b> |               | <b>\$ 118,086,833</b> | <b>844</b>   | <b>\$ 35,970,480</b>                           | <b>\$ 20.49</b>   | <b>\$ 5,962,671</b>                       | <b>\$ 165,400</b>                     |

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| Date                      | Company   | Type | New/Exp | County | Total Amount of Capital Investment                  | # of New Jobs | Total Wages           | Average Wage | Estimated Sales and Use Tax Abatement Approved | Amount of Business Tax or Modified Business Tax Abatement | Amount of Personal Property Tax Abatement | Amount of Real Property Tax Abatement |  |
|---------------------------|---|------|---------|--------|---|---------------|-----------------------|--------------|--|---|---|---------------------------------------|--|
| 07/10/02                  | Sunterra Corporation                              | HQ   | E       | CL     | \$ 2,933,341  | 100           | \$ 5,753,280          | \$ 27.66     | \$ 152,075                                     | \$ 20,000   | 50%/10yrs                                 |                                       |  |
| 07/10/02                  | Gizmo Wireless, Inc.                              | HQ   | N       | WA     | \$ 284,000  | 41            | \$ 1,310,754          | \$ 15.37     | \$ 14,724                                      | \$ 8,200  | 50%/10yrs                                 |                                       |  |
| 07/10/02                  | Inta-Aussie South Pacific                         | S    | N       | CL     | \$ 504,490  | 33            | \$ 1,245,816          | \$ 18.15     | \$ 26,155                                      | \$ 6,600  | 50%/10yrs                                 |                                       |  |
| 07/10/02                  | Ken's Foods, Inc.                                 | M/D  | N       | CL     | \$ 19,925,600                                       | 42            | \$ 1,335,734          | \$ 15.29     | \$ 1,033,018                                   | \$ 8,400  | 50%/10yrs                                 |                                       |  |
| 08/14/02                  | PME Babbitt Bearings                              | S    | R       | DO     | \$ 1,658,000  | 20            | \$ 741,728            | \$ 17.83     | \$ 12,008                                      | \$ 4,000  |   |                                       |  |
| 08/14/02                  | Equipment Management Technology                   | HQ   | R       | CL     | \$ 1,550,000  | 10            | \$ 542,048            | \$ 26.06     | \$ 15,553                                      | \$ 2,000  |   |                                       |  |
| 08/14/02                  | Johns Manville                                    | M/D  | N       | LY     | \$ 6,929,000  | 56            | \$ 1,767,002          | \$ 15.17     | \$ 85,459                                      | \$ 11,200   | 50%/10yrs                                 |                                       |  |
| 09/12/02                  | Aviation Services of NV                           | HQ   | N       | CL     | \$ 300,000  | 51            | \$ 1,647,422          | \$ 15.53     | \$ 15,553                                      | \$ 10,200   |   |                                       |  |
| 09/12/02                  | Ocean Spray Cranberries, Inc                      | M/D  | E       | CL     | \$ 5,751,244  | 17            | \$ 613,496            | \$ 17.35     | \$ 298,166                                     | \$ 3,400  | 50%/10yrs                                 |                                       |  |
| 10/09/02                  | Milgard Manufacturing, Inc.                       | M/D  | E       | CL     | \$ 10,735,000                                       | 32            | \$ 1,058,970          | \$ 15.91     | \$ 139,563                                     | \$ 6,400  | 50%/10yrs                                 |                                       |  |
| 11/13/02                  | Pictographics                                     | S    | E       | CL     | \$ 3,689,825  | 20            | \$ 748,800            | \$ 18.00     | \$ 87,607                                      | \$ 4,000  | 50%/10yrs                                 |                                       |  |
| 02/12/03                  | TESSCO Technologies                               | S    | E       | WA     | \$ 3,884,870  | 82            | \$ 2,686,320          | \$ 15.75     | \$ 48,467                                      | \$ 16,400   | 50%/10yrs                                 |                                       |  |
| 02/12/03                  | Cascades Tissues Group                            | M/D  | N       | WA     | \$ 6,300,000  | 60            | \$ 1,900,704          | \$ 15.23     | \$ 32,553                                      | \$ 12,000   |   |                                       |  |
| 02/12/03                  | Southern Foods Groups                             | M/D  | N       | CL     | \$ 26,342,648                                       | 62            | \$ 2,031,120          | \$ 15.75     | \$ 1,046,163                                   | \$ 12,400   | 50%/10yrs                                 |                                       |  |
| 06/11/03                  | American Recovery Service, Inc.                   | S    | N       | CL     | \$ 1,098,475  | 89            | \$ 3,335,862          | \$ 18.02     | \$ 56,949                                      | \$ 17,800   |   |                                       |  |
| <b>Totals for FY 2003</b> |   |      |         |        | <b>Statewide Average Wage Requirement - \$15.48</b> |               | <b>\$ 91,886,493</b>  | <b>715</b>   | <b>\$ 26,719,056</b>                           | <b>\$ 17.97</b>   | <b>\$ 3,064,014</b>                       | <b>\$ 143,000</b>                     |  |
| 08/13/03                  | Creel Printing & Publishing Company, Inc.         | HQ   | E       | CL     | \$ 10,933,649                                       | 32            | \$ 1,106,893          | \$ 16.63     | \$ 571,146                                     | \$ 6,400  | 50%/10yrs                                 |                                       |  |
| 09/10/03                  | Harley-Davidson Financial Services                | S    | R       | CC     | \$ 28,169,000                                       | 425           | \$ 15,089,880         | \$ 17.07     | \$ 519,888                                     |   | 50%/10yrs                                 |                                       |  |
| 09/10/03                  | Sherwin-Williams Company                          | M    | N       | LY     | \$ 26,000,000                                       | 84            | \$ 2,952,768          | \$ 16.90     | \$ 1,164,150                                   |   | 50%/10yrs                                 |                                       |  |
| 09/10/03                  | Nutri-Pharmaceuticals Research, Inc.              | HQ   | E       | CL     | \$ 1,400,000  | 15            | \$ 562,848            | \$ 18.04     | \$ 73,133                                      |   | 50%/10yrs                                 |                                       |  |
| 09/10/03                  | PC Doctor   | HQ   | N       | WA     | \$ 748,418  | 49            | \$ 2,050,630          | \$ 20.12     | \$ 39,095                                      |   |   |                                       |  |
| 10/08/03                  | Spacecraft Components Corporation                 | M    | N       | CL     | \$ 598,700  | 59            | \$ 1,954,930          | \$ 15.93     | \$ 31,275                                      |   |   |                                       |  |
| 10/08/03                  | Steam Turbine Blading & Parts, LLC                | M    | N       | DO     | \$ 2,381,891  | 20            | \$ 744,224            | \$ 17.89     | \$ 129,877                                     |   |   |                                       |  |
| 11/12/03                  | ORNI3, LLC - Ormat Nevada                         | M    | E       | CH     | \$ 53,513,000                                       | 8             | \$ 349,440            | \$ 21.00     | \$ 2,662,272                                   |   |   |                                       |  |
| 12/10/03                  | Vitamin Research Products, Inc.                   | M    | E       | CC     | \$ 635,000  | 20            | \$ 803,296            | \$ 19.31     | \$ 31,591                                      |   | 50%/10yrs                                 |                                       |  |
| 12/10/03                  | Cardinal Health 2, Inc./Financial Shared Services | HQ   | E       | CL     | \$ 9,833,860  | 15            | \$ 653,328            | \$ 20.94     | \$ 538,158                                     |   |   |                                       |  |
| 12/10/03                  | Global Health Management, LLC                     | M    | N       | CL     | \$ 2,650,000  | 60            | \$ 2,500,992          | \$ 20.04     | \$ 145,021                                     |   | 50%/10yrs                                 |                                       |  |
| 01/14/04                  | Tek Tube Group, LLC                               | M    | E       | CL     | \$ 1,807,304  | 6             | \$ 207,043            | \$ 16.59     | \$ 98,905                                      |   | 50%/10yrs                                 |                                       |  |
| 01/14/04                  | Hogue, Inc.                                       | M    | N       | DO     | \$ 8,112,000  | 60            | \$ 1,983,072          | \$ 15.89     | \$ 33,084                                      |   | 50%/10yrs                                 |                                       |  |
| 01/14/04                  | Analysts, Inc.                                    | R&D  | N       | CL     | \$ 2,301,000  | 40            | \$ 1,451,008          | \$ 17.44     | \$ 17,293                                      |   | 50%/10yrs                                 |                                       |  |
| 02/11/04                  | Kloehn Company Ltd.                               | M    | E       | CL     | \$ 5,111,900  | 12            | \$ 402,106            | \$ 16.11     | \$ 88,600                                      |   |   |                                       |  |
| 02/11/04                  | 4YourSoul.com                                     | R&D  | N       | CL     | \$ 1,410,000  | 12            | \$ 759,283            | \$ 30.42     | \$ 73,058                                      |   | 50%/10yrs                                 |                                       |  |
| 03/10/04                  | Do It Best Corp.                                  | D    | N       | CL     | \$ 22,050,000                                       | 94            | \$ 2,442,045          | \$ 12.49     | \$ 320,141                                     |   |   |                                       |  |
| 03/10/04                  | www.YellowPages.com                               | HQ   | E       | CL     | \$ 1,562,160  | 159           | \$ 5,579,246          | \$ 16.87     | \$ 85,489                                      |   | 50%/10yrs                                 |                                       |  |
| 03/10/04                  | CMX Las Vegas Studios                             | S    | N       | CL     | \$ 2,000,000  | 10            | \$ 333,008            | \$ 16.01     | \$ 109,450                                     |   | 50%/10yrs                                 |                                       |  |
| 03/10/04                  | Novum Pharmaceutical Research                     | R&D  | N       | CL     | \$ 641,370  | 33            | \$ 1,522,435          | \$ 22.18     | \$ 12,224                                      |   |   |                                       |  |
| 03/10/04                  | Scott Drake Enterprises                           | HQ   | N       | CL     | \$ 1,250,000  | 50            | \$ 1,654,640          | \$ 15.91     | \$ 68,406                                      |   |   |                                       |  |
| 03/10/04                  | Pro Line Properties, Inc.                         | P    | N       | WA     | \$ 24,000,000                                       | 60            | \$ 2,277,600          | \$ 18.25     | \$ 1,146,504                                   |   |   |                                       |  |
| 04/14/04                  | Veristeel, Inc.                                   | M    | N       | CL     | \$ 2,980,000  | 19            | \$ 892,757            | \$ 22.59     | \$ 163,081                                     |   |   |                                       |  |
| 04/14/04                  | Center Staging Las Vegas                          | S    | N       | CL     | \$ 23,223,168                                       | 55            | \$ 3,057,912          | \$ 26.73     | \$ 341,274                                     |   | 50%/10yrs                                 |                                       |  |
| <b>Totals for FY 2004</b> |   |      |         |        | <b>Statewide Average Wage Requirement - \$15.89</b> |               | <b>\$ 233,312,420</b> | <b>1,397</b> | <b>\$ 51,331,384</b>                           | <b>\$ 17.67</b>   | <b>\$ 8,463,115</b>                       | <b>\$ 6,400</b>                       |  |

**Bus. Tax Abatement was discontinued by the 2003 Legislature effective 7/1/2003.**

**One business received abatement in FY 2004 based on application submitted prior to 7/1/2003.**

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| Date   | Company   | Type  | New/Exp   | County | Total Amount of Capital Investment | # of New Jobs | Total Wages          | Average Wage    | Estimated Sales and Use Tax Abatement Approved | Amount of Business Tax or Modified Business Tax Abatement | Amount of Personal Property Tax Abatement | Amount of Real Property Tax Abatement |
|--|---|-------|-----------|--------|------------------------------------|---------------|----------------------|-----------------|--|---|---|---------------------------------------|
| 07/13/04                                     | The Upper Deck Company                            | S / D | N         | CL     | \$ 2,327,768                       | 75            | \$ 2,496,000         | \$ 16.00        | \$ 127,387                                     |   |   |                                       |
| 07/13/04                                     | EM Research, Inc.                                 | M     | E         | WA     | \$ 137,215                         | 6             | \$ 218,275           | \$ 17.49        | \$ 7,338                                       |   |   |                                       |
| 08/14/04                                     | Pabco Gypsum, LLC                                 | M     | E         | CL     | \$ 13,000,000                      | 34            | \$ 1,200,118         | \$ 16.97        | \$ 711,425                                     |   | 50%/10 yrs                                |                                       |
| 08/14/04                                     | Volare Broadband, Inc.                            | S     | N         | CL     | \$ 2,059,150                       | 11            | \$ 1,402,086         | \$ 61.28        | \$ 112,687                                     |   | 50%/10 yrs                                |                                       |
| 08/14/04                                     | Production Pattern & Foundry                      | M     | N         | LY     | \$ 1,621,795                       | 100           | \$ 3,377,920         | \$ 16.24        | \$ 72,616                                      |   | 50%/10 yrs                                |                                       |
| 08/14/04                                     | Modern Stainless & Design, Inc.                   | M     | N         | LY     | \$ 506,325                         | 40            | \$ 1,433,536         | \$ 17.23        | \$ 22,671                                      |   | 50%/10 yrs                                |                                       |
| 08/14/04                                     | Ad Media Displays, Inc.                           | HQ    | E         | CL     | \$ 2,437,650                       | 8             | \$ 337,958           | \$ 20.31        | \$ 133,400                                     |   | 50%/10 yrs                                |                                       |
| 08/14/04                                     | Konami Gaming                                     | M     | E         | CL     | \$ 1,770,896                       | 16            | \$ 859,955           | \$ 25.84        | \$ 96,912                                      |   | 50%/10 yrs                                |                                       |
| 08/14/04                                     | Poly West, Inc.                                   | M     | N         | CL     | \$ 51,000,000                      | 101           | \$ 3,365,482         | \$ 16.02        | \$ 2,790,975                                   |   | 50%/10 yrs                                | 75% for 20 yrs                        |
| 09/08/04                                     | Aquatic Investment, LLC                           | M     | N         | CL     | \$ 1,662,320                       | 18            | \$ 924,019           | \$ 24.68        | \$ 90,970                                      |   | 50%/10 yrs                                |                                       |
| 10/13/04                                     | Custom Building Products                          | M     | N         | CL     | \$ 8,738,965                       | 45            | \$ 1,619,280         | \$ 17.30        | \$ 478,240                                     |   |   |                                       |
| 12/08/04                                     | Intraglobal Nutritional Products                  | M     | N         | CL     | \$ 6,001,000                       | 32            | \$ 1,130,189         | \$ 16.98        | \$ 328,405                                     |   | 50%/10 yrs                                |                                       |
| 12/08/04                                     | Lyon Mercantile Group                             | S     | N         | CL     | \$ 991,050                         | 17            | \$ 1,593,322         | \$ 45.06        | \$ 3,859                                       |   |   |                                       |
| 12/08/04                                     | Unicache North America                            | HQ    | N         | CL     | \$ 1,669,451                       | 73            | \$ 2,847,000         | \$ 18.75        | \$ 91,361                                      |   | 50%/10 yrs                                |                                       |
| 01/12/05                                     | Inter-Tel, Inc.                                   | S     | E         | WA     | \$ 1,061,000                       | 26            | \$ 946,941           | \$ 17.51        | \$ 56,744                                      |   | 50%/10 yrs                                |                                       |
| 01/12/05                                     | RR Donnelly                                       | P     | E         | WA     | \$ 37,200,000                      | 26            | \$ 931,258           | \$ 17.22        | \$ 1,934,524                                   |   | 50%/10 yrs                                |                                       |
| 02/09/05                                     | James Hardie Building Products                    | M     | N         | ST     | \$ 40,615,655                      | 80            | \$ 3,016,832         | \$ 18.13        | \$ 1,595,576                                   |   | 50%/10 yrs                                |                                       |
| 02/09/05                                     | VadaTech, Inc.                                    | R/D   | N         | CL     | \$ 520,811                         | 10            | \$ 980,096           | \$ 47.12        | \$ 28,501                                      |   | 50%/10 yrs                                |                                       |
| 02/09/05                                     | R.M. Precision Swiss of Nevada, Inc.              | M     | E         | CL     | \$ 14,057,000                      | 45            | \$ 1,552,824         | \$ 16.59        | \$ 769,269                                     |   | 50%/10 yrs                                |                                       |
| 03/09/05                                     | Reno Typographers, Inc.                           | P     | E         | WA     | \$ 286,000                         | 2             | \$ 70,720            | \$ 17.00        | \$ 15,296                                      |   |   |                                       |
| 03/09/05                                     | ITS Logistics, Inc.                               | S     | E         | WA     | \$ 1,597,429                       | 15            | \$ 669,864           | \$ 21.47        | \$ 85,432                                      |   |   |                                       |
| 03/09/05                                     | Frick Management Group, Ltd.                      | W/D   | E         | WA     | \$ 1,116,786                       | 12            | \$ 507,437           | \$ 20.33        | \$ 59,727                                      |   | 50%/10 yrs                                |                                       |
| 03/09/05                                     | Hydromaxx CAP, Inc.                               | HQ    | N         | CL     | \$ 1,020,000                       | 50            | \$ 1,915,680         | \$ 18.42        | \$ 55,820                                      |   |   |                                       |
| 04/13/05                                     | Frank-Lin Distillers Products, Ltd                | M/D   | N         | ST     | \$ 28,591,004                      | 131           | \$ 4,929,163         | \$ 18.09        | \$ 1,350,158                                   |   | 50%/10 yrs                                |                                       |
| 04/13/05                                     | American AVK Company, Inc.                        | M/HQ  | N         | DO     | \$ 3,365,672                       | 77            | \$ 2,935,733         | \$ 18.33        | \$ 159,070                                     |   | 50%/10 yrs                                |                                       |
| 04/13/05                                     | Switch Communications Group, LLC                  | S     | E         | CL     | \$ 2,483,161                       | 13            | \$ 461,032           | \$ 17.05        | \$ 135,891                                     |   | 50%/10 yrs                                |                                       |
| 04/13/05                                     | Lighter Than Air Solar International, LLC (LTASI) | M/R/D | E         | CL     | \$ 3,440,697                       | 13            | \$ 836,888           | \$ 30.95        | \$ 188,292                                     |   | 50%/10 yrs                                |                                       |
| 05/11/05                                     | Artesian Spas / May Manufacturing                 | M     | N - Recon | CL     | \$ 1,360,959                       | 45            | \$ 1,724,112         | \$ 18.42        | \$ 74,478                                      |   |   |                                       |
| 05/11/05                                     | Just Like Sugar                                   | M     | N         | CL     | \$ 14,186,710                      | 32            | \$ 5,863,936         | \$ 88.10        | \$ 776,368                                     |   |   |                                       |
| 05/11/05                                     | Air Design Technology                             | M/HQ  | N         | CL     | \$ 1,127,100                       | 35            | \$ 1,442,168         | \$ 19.81        | \$ 61,681                                      |   |   |                                       |
| 05/11/05                                     | LD Kichler Company                                | D/HQ  | N         | CL     | \$ 303,199                         | 16            | \$ 554,778           | \$ 16.67        | \$ 16,593                                      |   |   |                                       |
| 05/11/05                                     | Cheffive, Inc.                                    | HQ/S  | N         | CL     | \$ 235,300                         | 10            | \$ 342,992           | \$ 16.49        | \$ 12,877                                      |   |   |                                       |
| <b>Totals Year To Date FY 2005</b>           |   |       |           |        | <b>\$ 246,492,068</b>              | <b>1,214</b>  | <b>\$ 52,487,594</b> | <b>\$ 20.79</b> | <b>\$ 12,444,542</b>                           |   |   |                                       |
| Statewide Average Wage Requirement - \$16.49 |   |       |           |        |                                    |               |                      |                 |  |   |   |                                       |

*Bus. Tax Abatement was discontinued by the 2003 Legislature effective 7/1/2003*

## Sales and Use Tax Abatements, Property Tax Abatements and Business/Modified Business Tax Abatements Approved by NCED FY 1999-FY 2008

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| Date  | Company                                    | Type  | New/Exp | County | Total Amount of Capital Investment | # of New Jobs | Total Wages          | Average Wage    | Estimated Sales and Use Tax Abatement Approved | Amount of Business Tax or Modified Business Tax Abatement | Amount of Personal Property Tax Abatement | Amount of Real Property Tax Abatement |
|---|--|-------|---------|--------|------------------------------------|---------------|----------------------|-----------------|--|---|---|---------------------------------------|
| 07/13/05  | International Truck and Engine Corporation | W/D   | N       | CL     | \$ 5,000,000                       | 40            | \$ 1,764,672         | \$ 21.21        | \$ 181,249                                     |   | 50% / 10 yrs                              |                                       |
| 07/13/05  | Polypipe, Inc.                             | M     | E       | LY     | \$ 5,220,000                       | 6             | \$ 238,368           | \$ 19.10        | \$ 233,726                                     |   | 50% / 10 yrs                              |                                       |
| 07/13/05  | Britevision Media, LLC                     | M     | N       | WA     | \$ 552,332                         | 10            | \$ 343,824           | \$ 16.53        | \$ 29,539                                      |   |   |                                       |
| 07/13/05  | Registered Ink Printing Co.                | M     | E       | WA     | \$ 1,208,921                       | 6             | \$ 227,386           | \$ 18.22        | \$ 64,655                                      |   |   |                                       |
| 07/13/05  | Cash Systems, Inc.                         | M     | N       | CL     | \$ 2,661,064                       | 38            | \$ 2,250,269         | \$ 28.47        | \$ 145,627                                     |   |   |                                       |
| 07/13/05  | Impression Inks West, LLC                  | M     | N       | WA     | \$ 1,175,922                       | 10            | \$ 358,176           | \$ 17.22        | \$ 62,890                                      |   |   |                                       |
| 07/13/05  | Spectral Technology & Innovation Research  | S     | E       | WA     | \$ 899,470                         | 6             | \$ 444,912           | \$ 35.65        | \$ 48,105                                      | 50%/4 yrs   |   |                                       |
| 07/13/05  | Solargenix Energy, LLC                     | S     | N       | CL     | \$ 107,250,000                     | 28            | \$ 1,142,086         | \$ 19.61        | \$ 5,800,850                                   |   | 50%/10 yrs                                |                                       |
| 08/10/05  | Visigene Medical                           | R/D   | N       | CL     | \$ 4,964,350                       | 26            | \$ 2,184,832         | \$ 40.40        | \$ 249,346                                     | 50%/4 yrs   |   |                                       |
| 08/10/05  | PC Doctor                                  | S     | E       | WA     | \$ 896,411                         | 6             | \$ 285,043           | \$ 22.84        | \$ 47,941                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 08/10/05  | Sho-Me Container                           | M     | N       | CL     | \$ 3,650,000                       | 13            | \$ 501,862           | \$ 18.56        | \$ 197,010                                     | 50%/4 yrs   |   |                                       |
| 09/14/05  | Frick Management Group, Ltd.               | HQ    | E       | WA     | \$ 2,122,216                       | 13            | \$ 616,782           | \$ 22.81        | \$ 113,499                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 09/14/05  | Accupart International                     | M     | E       | LY     | \$ 2,197,375                       | 6             | \$ 187,075           | \$ 14.99        | \$ 11,194                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 10/12/05  | Starbucks Coffee Company                   | M     | E       | DO     | \$ 15,600,000                      | 17            | \$ 604,302           | \$ 17.09        | \$ 737,295                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 10/12/05  | Innovative Building Components             | M     | N       | CL     | \$ 1,562,739                       | 200           | \$ 7,999,680         | \$ 19.23        | \$ 106,748                                     | 50%/4 yrs   |   |                                       |
| 11/09/05  | NonInvasive Medical Technologies           | R/D   | N       | CL     | \$ 926,288                         | 58            | \$ 2,227,014         | \$ 18.46        | \$ 52,995                                      | 50%/4 yrs   |   |                                       |
| 11/09/05  | Centric Health Finance, LLC                | HQ    | N       | WA     | \$ 5,115,875                       | 95            | \$ 4,851,080         | \$ 24.55        | \$ 115,085                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 12/14/05  | Eclipse Design & Materials                 | R/D   | N       | DO     | \$ 1,262,800                       | 28            | \$ 1,604,512         | \$ 27.55        | \$ 72,248                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 12/14/05  | Builders Choice                            | M     | N       | LY     | \$ 3,554,894                       | 40            | \$ 1,248,832         | \$ 15.01        | \$ 127,210                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 12/14/05  | InfoGenesis                                | S     | N       | CL     | \$ 2,725,306                       | 60            | \$ 2,293,824         | \$ 18.38        | \$ 155,922                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 01/18/06  | Charles River Laboratories                 | R/D   | E       | WA     | \$ 29,235,838                      | 90            | \$ 3,884,400         | \$ 20.75        | \$ 1,571,426                                   | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 01/18/06  | Vitamin Research Products, Inc.            | M/D   | E       | CC     | \$ 813,300                         | 8             | \$ 361,920           | \$ 21.75        | \$ 41,682                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 02/15/06  | American Salvage, Inc.                     | Recyc | E       | WA     | \$ 900,000                         | 6             | \$ 224,640           | \$ 18.00        | \$ 48,375                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 02/15/06  | Peter Lik USA, Inc.                        | HQ    | N       | CL     | \$ 4,414,000                       | 21            | \$ 1,202,947         | \$ 27.54        | \$ 66,930                                      | 50%/4 yrs   |   |                                       |
| 02/15/06  | SC Circuits, Inc.                          | M     | N       | CL     | \$ 2,405,950                       | 60            | \$ 2,535,936         | \$ 20.32        | \$ 43,467                                      | 50%/4 yrs   |   |                                       |
| 02/15/06  | Pro Line Printing                          | P     | E       | WA     | \$ 8,335,000                       | 24            | \$ 887,578           | \$ 17.78        | \$ 448,006                                     |   |   |                                       |
| 03/15/06  | Carry-On Trailer                           | M     | N       | HU     | \$ 3,503,153                       | 100           | \$ 3,689,920         | \$ 17.74        | \$ 42,892                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 04/19/06  | VadaTech, Inc.                             | R/D   | E       | CL     | \$ 7,862,000                       | 12            | \$ 858,125           | \$ 34.38        | \$ 452,065                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 04/19/06  | Independent, Inc.                          | M     | E       | WA     | \$ 5,910,000                       | 6             | \$ 216,528           | \$ 17.35        | \$ 54,288                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 05/17/06  | Advanced Metal Works, Inc.                 | HQ    | E       | CL     | \$ 1,656,000                       | 16            | \$ 688,896           | \$ 20.70        | \$ 95,220                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 06/21/06  | American Grating, LLC                      | W/D   | N       | CL     | \$ 5,374,153                       | 20            | \$ 1,182,272         | \$ 28.42        | \$ 17,538                                      | 50%/4 yrs   |   |                                       |
| 06/21/06  | Stonewall Designs, Inc.                    | M     | N       | CL     | \$ 2,010,000                       | 86            | \$ 3,121,456         | \$ 17.45        | \$ 115,575                                     | 50%/4 yrs   |   |                                       |
| 06/21/06  | Basalite Concrete Products, LLC            | M     | E       | CC     | \$ 14,756,000                      | 14            | \$ 533,770           | \$ 18.33        | \$ 373,100                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| <b>Totals Year To Date FY 2006</b>                  |  |       |         |        |                                    |               |                      |                 |  |   |   |                                       |
| <b>Statewide Average Wage Requirement - \$17.34</b> |  |       |         |        |                                    |               |                      |                 |  |   |   |                                       |
|   |  |       |         |        | <b>\$ 255,721,357</b>              | <b>1,169</b>  | <b>\$ 50,762,920</b> | <b>\$ 20.88</b> | <b>\$ 11,923,696</b>                           |   |   |                                       |

## Sales and Use Tax Abatements, Property Tax Abatements and Business/Modified Business Tax Abatements Approved by NCED FY 1999-FY 2008

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| Date                               | Company                                | Type   | New/Exp | County | Total Amount of Capital Investment                  | # of New Jobs         | Total Wages  | Average Wage         | Estimated Sales and Use Tax Abatement Approved | Amount of Business Tax or Modified Business Tax Abatement | Amount of Personal Property Tax Abatement | Amount of Real Property Tax Abatement |  |
|------------------------------------|--|--------|---------|--------|---|-----------------------|--------------|----------------------|--|---|---|---------------------------------------|--|
| 07/19/06                           | Cable Connection                       | M      | E       | LY     | \$ 410,000  | 6                     | \$ 185,952   | \$ 14.90             | \$ 18,450                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 07/19/06                           | Gems TV (USA) Limited                  | W/D    | N       | WA     | \$ 2,750,112  | 161                   | \$ 6,165,141 | \$ 18.41             | \$ 147,819                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 07/19/06                           | Sierra Stainless                       | M      | N       | LY     | \$ 6,640,100  | 24                    | \$ 844,147   | \$ 16.91             | \$ 298,805                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 08/16/06                           | Nevada Technology Catalyst Group, Inc. | M      | E       | CL     | \$ 245,000  | 10                    | \$ 620,048   | \$ 29.81             | \$ 14,088                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 08/16/06                           | Etiquette Systems, Inc                 | M      | N       | CL     | \$ 1,549,454  | 5                     | \$ 185,016   | \$ 17.79             | \$ 54,306                                      | 50%/4 yrs   |   |                                       |  |
| 08/16/06                           | Nevada Heat Treating, Inc.             | S      | E       | LY     | \$ 1,152,300  | 6                     | \$ 201,677   | \$ 16.16             | \$ 51,854                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 08/16/06                           | Quad Graphics, Inc.                    | P      | N       | WA     | \$ 22,193,370                                       | 113                   | \$ 4,127,302 | \$ 17.56             | \$ 166,894                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 09/20/06                           | SpecTIR LLC                            | HQ/RD  | E       | WA     | \$ 3,862,410  | 4                     | \$ 205,005   | \$ 24.64             | \$ 207,605                                     | 50%/4 yrs   |   |                                       |  |
| 09/20/06                           | Veltec Sports Inc.                     | HQ/W/D | N       | CC     | \$ 221,667  | 32                    | \$ 1,544,192 | \$ 23.20             | \$ 11,360                                      | 50%/4 yrs   |   |                                       |  |
| 10/18/06                           | PowerLight Corporation / Solar Star    | RE     | N       | CL     | \$ 97,537,625                                       | 1                     | \$ 43,992    | \$ 21.15             | \$ 5,608,413                                   | 50%/4 yrs   |   |                                       |  |
| 10/18/06                           | BT Inc. / Bonneville Transloaders      | W/D    | N       | EL     | \$ 2,557,359  | 60                    | \$ 2,463,552 | \$ 19.74             | \$ 16,081                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 11/15/06                           | One Velocity, Inc                      | HQ     | N       | CL     | \$ 10,773,560                                       | 20                    | \$ 1,146,080 | \$ 27.55             | \$ 619,480                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 11/15/06                           | CardioVascular BioTherapeutics Inc.    | HQ     | E       | CL     | \$ 181,500  | 6                     | \$ 241,987   | \$ 19.39             | \$ 10,436                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 11/15/06                           | Steam Turbine Blading & Parts          | HQ/M   | E       | DO     | \$ 3,150,000  | 6                     | \$ 193,440   | \$ 15.50             | \$ 105,688                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 11/15/06                           | Varian Medical Systems, Inc.           | M/R/D  | E       | CL     | \$ 23,531,100                                       | 45                    | \$ 3,116,880 | \$ 33.30             | \$ 1,123,038                                   | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 12/20/06                           | PPG Architectural Finishes             | M      | N       | ST     | \$ 34,690,592                                       | 26                    | \$ 964,246   | \$ 17.83             | \$ 681,156                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 12/20/06                           | Hamilton Company                       | HQ/RD  | E       | WA     | \$ 6,585,826  | 38                    | \$ 1,466,192 | \$ 18.55             | \$ 353,988                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 12/20/06                           | Firestone Building Products            | M/D    | N       | CL     | \$ 19,500,000                                       | 50                    | \$ 2,018,640 | \$ 19.41             | \$ 899,588                                     | 50%/4 yrs   |   |                                       |  |
| 01/17/07                           | Western Dairy Specialties              | M      | N       | LY     | \$ 32,569,250                                       | 19                    | \$ 692,786   | \$ 17.53             | \$ 1,022,132                                   | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 01/17/07                           | Aspen Holdings                         | S      | N       | CL     | 1043375   | 40                    | \$ 1,719,744 | \$ 20.67             | \$ 24,344                                      | 50%/4 yrs   |   |                                       |  |
| 01/17/07                           | Nutri-Pharmaceuticals Research, Inc.   | M      | E       | CL     | \$ 525,266  | 6                     | \$ 247,229   | \$ 19.81             | \$ 30,203                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 02/21/07                           | Bottling Group LLC                     | M      | E       | CL     | \$ 101,115,096                                      | 34                    | \$ 1,604,637 | \$ 22.69             | \$ 2,772,368                                   | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 03/21/07                           | Biodiesel of Las Vegas                 | Recyc  | E       | CL     | \$ 56,073,461                                       | 40                    | \$ 1,724,736 | \$ 20.73             | \$ 2,427,978                                   | 50%/4 yrs   | 50%/10 yrs                                | 50%/10 yrs                            |  |
| 03/21/07                           | Evergreen LLC                          | Recyc  | E       | CL     | \$ 12,940,000                                       | 29                    | \$ 1,095,411 | \$ 18.16             | \$ 255,300                                     | 50%/4 yrs   | 50%/10 yrs                                | 50%/10 yrs                            |  |
| 04/18/07                           | Lost Arrow Corp. aka Patagonia Inc     | WD/GB  | E       | WA     | N/A   | N/A                   | N/A          | N/A                  | \$ -   |   |   | 50%/10 yrs                            |  |
| 04/18/07                           | Jet Source, Inc.                       | S      | N       | CL     | \$ 11,103,588                                       | 20                    | \$ 757,952   | \$ 18.22             | \$ 178,456                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 05/16/07                           | Niotan, Inc.                           | M      | E       | LY     | \$ 24,975,281                                       | 34                    | \$ 1,175,366 | \$ 16.62             | \$ 855,402                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 05/16/07                           | Forward Foods dba Bluegrass Bars       | M      | E       | DO     | \$ 1,361,496  | 10                    | \$ 379,392   | \$ 18.24             | \$ 54,395                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 06/20/07                           | Switch Communications Group, LLC       | S      | E       | CL     | \$ 22,026,329                                       | 7                     | \$ 268,923   | \$ 18.47             | \$ 621,742                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |  |
| 06/20/07                           | Prestige Optical Mastering Services    | S      | N       | CL     | \$ 4,058,665  | 9                     | \$ 616,450   | \$ 32.93             | \$ 227,623                                     | 50%/4 yrs   |   |                                       |  |
| <b>Totals Year To Date FY 2007</b> |  |        |         |        | <b>Statewide Average Wage Requirement - \$18.12</b> | <b>\$ 505,323,782</b> | <b>861</b>   | <b>\$ 36,016,115</b> | <b>\$ 20.11</b>                                | <b>\$ 18,858,991</b>                                      |   |                                       |  |

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| Date                               | Company                            | Type  | New/Exp | County | Total Amount of Capital Investment | # of New Jobs | Total Wages          | Average Wage    | Estimated Sales and Use Tax Abatement Approved | Amount of Business Tax or Modified Business Tax Abatement | Amount of Personal Property Tax Abatement | Amount of Real Property Tax Abatement |
|------------------------------------|------------------------------------|---|---------|--------|------------------------------------|---------------|----------------------|-----------------|--|---|---|---------------------------------------|
| 07/18/07                           | Bright Systems, Inc                | S   | E       | WA     | \$ 126,337                         | 9             | \$ 466,128           | \$ 24.90        | \$ 6,791                                       | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 07/18/07                           | Schneider National Carriers, Inc   | S   | E       | WA     | \$ 583,280                         | 58            | \$ 2,581,696         | \$ 21.40        | \$ 31,351                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 07/18/07                           | Productivity California, Inc       | M   | E       | WA     | \$ 4,694,000                       | 9             | \$ 457,891           | \$ 24.46        | \$ 107,984                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 07/18/07                           | Arroweye Solutions, Inc            | S   | E       | CL     | \$ 5,813,102                       | 6             | \$ 255,840           | \$ 20.50        | \$ 319,878                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 07/18/07                           | Certainteed Gypsum                 | M   | N       | CL     | \$ 9,119,000                       | 15            | \$ 652,392           | \$ 20.91        | \$ 524,343                                     | 50%/4 yrs   |   |                                       |
| 08/15/07                           | TG Power LLC                       | RE  | N       | EL     | \$ 97,250,000                      | 15            | \$ 683,904           | \$ 21.92        | \$ 2,011,725                                   |   |   |                                       |
| 08/15/07                           | Erickson Manufacturing             | M   | N       | CL     | \$ 14,100,000                      | 20            | \$ 1,035,008         | \$ 24.88        | \$ 544,525                                     | 50%/4 yrs   |   |                                       |
| 09/19/07                           | Spot Devices, Inc                  | M   | E       | WA     | \$ 174,360                         | 6             | \$ 325,978           | \$ 26.12        | \$ 9,372                                       | 50%/4 yrs   |   |                                       |
| 09/19/07                           | Enel North America, Inc            | RE  | E       | CH     | \$ 201,661,000                     | 12            | \$ 715,354           | \$ 28.66        | \$ 6,155,100                                   | 50%/4 yrs   |   |                                       |
| 09/19/07                           | U.S. Ordnance, Inc                 | M   | E       | ST     | \$ 9,694,575                       | 7             | \$ 260,478           | \$ 17.89        | \$ 233,008                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 12/19/07                           | Thybar Corporation                 | M   | N       | ST     | \$ 1,082,090                       | 15            | \$ 554,736           | \$ 17.78        | \$ 56,810                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 01/16/08                           | Alimex Precision In Aluminum, Inc. | M/D   | N       | DO     | \$ 693,325                         | 5             | \$ 300,560           | \$ 28.90        | \$ 32,933                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 01/16/08                           | The Steel Network                  | M/D   | E       | CL     | \$ 7,743,305                       | 24            | \$ 942,989           | \$ 18.89        | \$ 445,240                                     | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 01/16/08                           | GlobalWatt, Inc.                   | RE  | N       | LY     | \$ 34,643,529                      | 2             | \$ 66,560            | \$ 16.00        | \$ 1,606,965                                   |   | 50%/10 yrs                                |                                       |
| 01/16/08                           | Ausra Manufacturing NV 1, LLC      | M   | N       | CL     | \$ 11,289,500                      | 20            | \$ 1,022,528         | \$ 24.58        | \$ 649,146                                     | 50%/4 yrs   |   |                                       |
| 02/20/08                           | ICO Satellite Services GP          | R   | R       | CL     | \$ 84,121,270                      | 2             | \$ 180,003           | \$ 43.27        | \$ 4,836,973                                   | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 03/19/08                           | Heetronix                          | M   | E       | WA     | \$ 624,335                         | 6             | \$ 435,053           | \$ 34.86        | \$ 33,558                                      | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 03/19/08                           | Ormat Nevada, Inc. - Galena 3      | RE  | E       | WA     | \$ 174,865                         | 9             | \$ 420,077           | \$ 22.44        | \$ 9,399                                       | 50%/4 yrs   |   |                                       |
| 04/16/08                           | General Electric Transportation    | M   | N       | CL     | \$ 3,122,000                       | 66            | \$ 2,698,925         | \$ 19.66        | \$ 179,515                                     | 50%/4 yrs   |   |                                       |
| 06/24/08                           | Switch Communications Group, LLC   | S   | E       | CL     | \$ 268,362,579                     | 10            | \$ 390,416           | \$ 18.77        | \$ 12,023,341                                  | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 06/24/08                           | EI Dorado Energy, LLC              | RE  | N       | CL     | \$ 40,411,000                      | 1             | \$ 44,990            | \$ 21.63        | \$ 1,857,250                                   | 50%/4 yrs   | 50%/10 yrs                                |                                       |
| 06/24/08                           | NGP Blue Mountain 1 LLC            | RE  | N       | HU     | \$ 69,244,869                      | 21            | \$ 1,389,898         | \$ 31.82        | \$ 3,116,019                                   | 50%/4 yrs   |   |                                       |
| <b>Totals Year To Date FY 2008</b> |                                    | <b>Statewide Average Wage Requirement - \$18.72</b> |         |        | <b>\$ 864,728,321</b>              | <b>338</b>    | <b>\$ 15,881,403</b> | <b>\$ 22.59</b> | <b>\$ 34,791,225</b>                           |   |   |                                       |

## **H. Methods to Quantify Abatements Approved Versus Abatements Actually Used**

In an effort to quantify the total amount of abatements approved by NCED during the period FY 1999 to FY 2008, as well as the total amount of abatements actually taken during this period, the Fiscal Analysis Division obtained reports compiled by NCED, the Department of Taxation and several county assessors and treasurers. These reports were used to develop a two-part analysis that aggregates abatement amounts based on the fiscal year that each business was approved (reference fiscal year). The first part of this analysis attempts to quantify the total amount of abatements that could have been taken if all businesses approved by NCED actually used the full amount of the abatements that were approved. By identifying the total amount of potential abatements approved, a ceiling or maximum amount is established and a comparison can be made against the second part of this analysis, the amount of abatements that were actually used or taken by approved businesses.

Ideally, the amount of abatements used, whether considered collectively or for each individual business, should be compared against the total economic impact generated by businesses as a result of the decision to locate or expand in Nevada. An analysis of the cumulative economic impact created by all businesses that received abatements from NCED would require that an extensive amount of information be collected from each business. If the information could be obtained, it would then need to be quantified through a comprehensive economic analysis to derive estimates of the total economic impact. The analysis would have to quantify the direct benefit from the capital investment made by the businesses with respect to the sales and use taxes and property taxes that are paid, as well as the impact of the new jobs and the additional tax revenue generated as a result of the wages being spent throughout the community. Analysis of the indirect benefits would need to include the impact on suppliers that provide goods and services to the new or expanded business and the impact on local businesses that provide goods and services to the employees of the business. The Fiscal Analysis Division did not attempt to perform this analysis, and the information presented in this document does not consider the cumulative economic impact generated by the businesses that received abatements approved by NCED.

As previously discussed in Section II-A of this document, NCED does perform a comprehensive cost-benefit analysis for each business that applies for sales and use tax abatement, Modified Business Tax abatement or property tax abatement. The analysis includes estimates of applicable abatements being considered, taxes that will be paid, the number of jobs that will be created, average wages for those jobs, total capital investment anticipated and the total economic impact for the project, including the impact of new construction if applicable. The analysis also includes an estimated "break even" timeline in terms of the amount of time it will take for the affected local governments to be made whole and be repaid for the amount of abatements granted as a result of the additional tax revenues and wages generated by the business choosing to locate or expand in the affected community. The results of the cost benefit analysis are provided to the NCED Commissioners for consideration prior to approval of abatements and to each affected local government, along with the letter of notification and request for acknowledgement required pursuant to NRS 360.750.

### Methods to Quantify Sales and Use Tax Abatements

Quantifying the amount of sales and use tax abatements approved versus the amount actually taken was accomplished using the following resources:

1. Information reported by both NCED and the Department of Taxation contains a record of each business approved, the date approved and the specific amount of sales and use tax abatement approved based on the qualified list of equipment submitted with the NCED application. These reports were cross referenced, and the maximum amount of sales and use tax abatements approved for each business was verified.
2. As each business makes purchases of the items included on its qualified list of equipment, the business is required to report its purchases and remit the state two-percent sales and use tax due to the Department of Taxation. The Department of Taxation report is continuously updated to reflect the actual amount of qualified purchases made and the actual amount of sales and use taxes abated for each business.

Information reported by the Department of Taxation also contains the eligibility status of each business. The eligibility status of each business is based on the results of the periodic compliance audits that are performed by the department. The compliance audits occur at two years after the end of the period in which the sales and use tax abatement can be used and at five years after the business has employed the minimum number of employees required.

Given that the above resources provided access to the actual amounts for sales and use tax abatements approved and the amounts taken, the Fiscal Analysis Division was able to compile this information based on the fiscal year that the business was approved (reference fiscal year). Since actual information was available, the need to estimate the amount of sales and use tax abatements approved or the amount actually taken was not necessary.

### Methods to Quantify Personal Property Tax Abatements

Since the amount of personal property tax abatements approved is stated as a rate and number of years (generally 50 percent for ten years), the actual amount of the abatement approved is not explicitly stated. The actual amount of the personal property taxes abated is ultimately determined through the tax returns filed by businesses with the appropriate county assessor or treasurer. Given this structure for personal property tax abatements, the Fiscal Analysis Division could not quantify the maximum amount of personal property tax abatements approved in the same manner that the sales and use tax abatements were quantified. Therefore, quantifying the maximum amount of personal property tax abatements approved was accomplished using the following resources:

1. Reports from both NCED and the Department of Taxation contain a record of each business approved, the date approved and the specific value of equipment eligible for the personal property tax abatement based on the qualified list of equipment submitted with the NCED application.

2. Using the total value of all items included on the qualified list of equipment, the Fiscal Analysis Division employed a methodology developed by NCED to estimate the maximum amount of personal property tax abatements approved. The methodology developed by NCED is based on the same methods established by the Department of Taxation pursuant to statute.
3. For the purpose of quantifying the maximum amount of personal property tax abatements approved, the Fiscal Analysis Division made the following assumptions.
  - a. All businesses that were approved are assumed to have actually located or expanded in Nevada and participated in the abatement program.
  - b. All equipment purchases reported to the Department of Taxation were added to the personal property tax roll during the same year that the business was approved (reference fiscal year).
  - c. All equipment added to the personal property tax roll received a 50 percent abatement for the full ten years.
  - d. All equipment depreciated based on a 15-year life depreciation schedule.

Quantifying the amount of personal property tax abatements actually taken was accomplished using the following resources:

1. Information reported by NCED contains a record of each business approved, the date approved and the rate and number of years for which personal property tax abatements were approved.
2. Information reported by the affected county assessors and treasurers was used to quantify the actual amount of personal property tax abatements that have been taken by the approved businesses.
3. It is important to note that the personal property tax abatements approved during FY 1999 to FY 2008 may be taken for several years after the approval date due to the ten-year period for which abatements have been approved.

#### Methods to Quantify Real Property Tax Abatements

Since the amount of real property tax abatements approved is stated as a rate and number of years (generally from 50 percent to 75 percent for periods of 5 years up to 20 years), the actual amount of the abatement approved is not explicitly stated. The actual amount of real property taxes abated is ultimately determined through the tax returns filed by businesses with the appropriate county assessor or treasurer. Given the complex nature of real property valuation combined with the difficulty in estimating the abatements with regard to the provisions of A.B. 489 passed by the 2005 Nevada Legislature, the Fiscal Analysis Division did not attempt to estimate the maximum

amount of real property tax abatements that were approved by NCED during FY 1999 to FY 2008. Additionally, very few businesses were approved to receive real property tax abatements during this period. Quantifying the amount of real property tax abatements actually taken was accomplished using the following resources:

1. Information reported by NCED contains a record of each business approved, the date approved and the rate and term for which real property tax abatements were approved.
2. Information reported by the affected county assessors and treasurers was used to quantify the actual amount of real property tax abatements that have been taken by the approved businesses.
3. It is important to note that the real property tax abatements approved during FY 1999 to FY 2008 may be taken for several years after the approval date due to the 10- or 20-year periods for which abatements have been approved.

#### Methods to Quantify Business License Tax and Modified Business Tax Abatements

Quantifying the amount of Business License Tax and Modified Business Tax abatements approved versus the amount actually taken was accomplished using the following resources:

1. Information reported by NCED contains a record of each business approved, the date approved and calculations for the amount of Business License Tax and Modified Business Tax abatements approved, based on the number of jobs and total wages that would need to be maintained as a result of participating in the abatement program. These calculations, as reported by NCED, were used to determine the total amount of Business License Tax and Modified Business Tax abatements approved.
2. Although the Modified Business Tax is stated as a rate and number of years (50 percent for four years), an estimated amount for the abatement was calculated using the requirements for the number of jobs and the average wage stated in the signed agreement with NCED. The actual amount of the Modified Business Tax could be higher if the business pays wages in excess of the wage requirement, but the abatement would not apply to any additional jobs created that are not stated in the signed agreement with NCED.
3. Information reported by the Department of Taxation was used to identify the businesses that actually participated in the sales and use tax abatement and thus would be required to meet the requirements for the number of jobs and the average wage stated in the signed agreement with NCED.
4. The Fiscal Analysis Division calculated estimates of the Business License Tax and Modified Business Tax abatements actually taken, based on the number of jobs and average wages that would be required by those businesses actively participating in the abatement program.

**I. Analysis of Nevada Commission on Economic Development Abatements Actually Used: Fiscal Years 1999-2008**

The analysis of NCED abatements approved versus abatements used is presented in two subsections, with an increasing level of detail provided in each subsection. The first subsection includes the list below, highlighting the key findings from the analysis, along with three tables of summary data by fiscal year for each of the abatements discussed. The second subsection provides a detailed analysis and includes a series of ten tables containing all data compiled by the Fiscal Analysis Division to quantify each of the abatements.

**Summary Results of Abatements Approved Versus Abatements Used**

*Sales and Use Tax Abatements:*

1. A total of 206 businesses were approved for sales and use tax abatements during FY 1999 to FY 2007 (average of 23 businesses per fiscal year). In FY 2008, 22 businesses were approved.
2. A total of 112 businesses, or 54 percent of the 206 businesses approved for sales and use tax abatements during FY 1999 to FY 2007, actually complied with all requirements of the program and used or received an abatement of sales and use taxes (average of 12 businesses per fiscal year).
3. The 112 businesses that participated in the sales and use tax abatement program during FY 1999 to FY 2007 created a total of 5,090 new jobs (average of 566 jobs per fiscal year). The average hourly wage for these new jobs exceeded the statewide average wage in each year by an average of \$2.36 per hour.
4. A maximum of \$79.8 million of sales and use tax abatements was approved for the 206 businesses that received approval during FY 1999 to FY 2007 (average of \$8.9 million per fiscal year and \$387,000 per business).
5. A total of \$40.1 million, or 50 percent of the \$79.8 million of sales and use tax abatements approved, was actually used or received by the 112 businesses that participated in the abatement program during FY 1999 to FY 2007 (average of \$4.5 million per fiscal year and \$358,000 per business).
6. The total of \$40.1 million of sales and use tax abatements used or received by the 112 participating businesses during FY 1999 to FY 2007 represents the amount abated based on all eligible sales and use tax rates (2.25 percent LSST, 0.5 percent BCCRT, 1.75 percent SCCRT, and any local options). The amounts shown below reflect the amount of sales and use taxes abated for each of the eligible rates.
  - a. 2.25% LSST: \$17.5 million
  - b. 0.5% BCCRT: \$3.9 million
  - c. 1.75% SCCRT: \$13.6 million
  - d. Local Options: \$5.1 million

*Personal Property Tax Abatements:*

1. A total of 106 businesses were approved for personal property tax abatements during FY 1999 to FY 2007 (average of 12 businesses per fiscal year). In FY 2008, 13 businesses were approved.
2. Of the 106 businesses approved for personal property tax abatements during FY 1999 to FY 2007, a total of 70 businesses or 66 percent, actually complied with all requirements of the program and used or received an abatement of personal property taxes (average of eight businesses per fiscal year).
3. An estimated maximum of \$14.2 million of personal property tax abatements was approved for the 106 businesses that received approval during FY 1999 to FY 2007 (average of \$1.6 million per fiscal year and \$134,000 per business).
4. An total of \$4.9 million, or 35 percent of the \$14.2 million of personal property tax abatements approved, was actually used or received by the 70 businesses that participated in the abatement program during FY 1999 to FY 2007 (average of \$544,000 per fiscal year and \$70,000 per business).

*Real Property Tax Abatements:*

1. A total of six businesses were approved for real property tax abatements during FY 1999 to FY 2008 (average of less than one business per fiscal year).
2. Of the six businesses approved for real property tax abatements during FY 1999 to FY 2008, a total of five businesses, or 83 percent, actually complied with all requirements of the program and received an abatement of real property taxes.
3. A total of \$578,000 of real property tax abatements was actually used or received by the five businesses that participated in the abatement program during FY 1999 to FY 2008 (average of \$64,000 per fiscal year and \$116,000 per business). Given the complex nature of real property valuation, the Fiscal Analysis Division did not attempt to estimate the maximum amount of real property tax abatements approved.

*Business License Tax and Modified Business Tax Abatements:*

(Note: The Business License Tax abatement was in effect during FY 1999 to FY 2003 and the Modified Business Tax abatement began in FY 2006).

1. A total of 123 businesses were approved for Business License Tax and Modified Business Tax abatements during FY 1999 to FY 2007 (average of 18 businesses per fiscal year). In FY 2008, 20 businesses were approved.
2. Of the 123 businesses approved for Business License Tax or Modified Business Tax abatements during FY 1999 to FY 2007, a total of 69 businesses, or 56 percent, actually complied with all requirements of the program and used or received an abatement of business license or Modified Business Taxes (average of ten businesses per fiscal year).

3. An estimated maximum of \$1.4 million of Business License Tax and Modified Business Tax abatements was approved for the 123 businesses that received approval during FY 1999 to FY 2007 (average of \$203,000 per fiscal year and \$11,000 per business).
4. An estimated total of \$616,000, or 44 percent of the \$1.4 million of Business License Tax and Modified Business Tax abatements approved, was actually used or received by the 69 businesses that participated in the abatement program during FY 1999 to FY 2007 (average of \$88,000 per fiscal year and \$9,000 per business).

The following three tables provide summary data by fiscal year for each of the abatements discussed above. Please see the detailed analysis located on page 51 for additional information.

**General Information About Businesses Approved for Sales and Use Tax Abatements  
and Estimated Business License Tax and Modified Business Tax Abatements Used**

|                               | Number of<br>Businesses<br>Approved For<br>Sales and Use Tax<br>Abatement | Number of<br>Businesses that<br>Used Sales and<br>Use Tax<br>Abatement | Percent of<br>Businesses<br>Approved That<br>Actually Used<br>Sales and Use<br>Tax Abatement | Statewide<br>Average Wage<br>Requirement for<br>New Jobs | Avg Wage<br>Required for New<br>Jobs Created | Number of New<br>Jobs Created by<br>Businesses that<br>Used Sales and<br>Use Tax<br>Abatement | Estimated Business<br>License Tax and<br>Modified Business<br>Tax Abatements<br>Used |
|-------------------------------|---|--|--|--|--|---|--|
| FY 1999                       | 21  | 12   | 57%  | \$ 13.37   | \$ 15.50                                     | 373   | \$ 17,200  |
| FY 2000                       | 18  | 7  | 39%  | \$ 14.12   | \$ 16.58                                     | 340   | \$ 66,800  |
| FY 2001                       | 20  | 16   | 80%  | \$ 14.61   | \$ 20.03                                     | 986   | \$ 169,920   |
| FY 2002                       | 13  | 8  | 62%  | \$ 15.09   | \$ 20.40                                     | 557   | \$ 108,000   |
| FY 2003                       | 15  | 8  | 53%  | \$ 15.48   | \$ 15.82                                     | 355   | \$ 77,400  |
| FY 2004                       | 24  | 8  | 33%  | \$ 15.89   | \$ 17.27                                     | 719   | N/A  |
| FY 2005                       | 32  | 16   | 50%  | \$ 16.49   | \$ 18.02                                     | 588   | N/A  |
| FY 2006                       | 33  | 18   | 55%  | \$ 17.34   | \$ 19.06                                     | 488   | \$ 90,608  |
| FY 2007                       | 30  | 19   | 63%  | \$ 18.12   | \$ 19.11                                     | 684   | \$ 85,636  |
| FY 2008*                      | 22  | N/A  | N/A  | \$ 18.72   | N/A  | N/A   | N/A  |
| <b>Total FY 1999-FY 2007*</b> | <b>206</b>  | <b>112</b>   | <b>54%</b>   |  |  | <b>5,090</b>  | <b>\$ 615,564</b>  |

**Sales and Use Tax Abatements Approved Versus Actual Abatements Used**

|                               | Sales and Use Tax<br>Abatements<br>Approved | Sales and Use Tax<br>Abatements<br>Actually Used<br>(All Rates) | Percent of Sales<br>and Use Tax<br>Abatements<br>Actually Used | 2.25%<br>LSST<br>Abated | 0.5%<br>BCCRT<br>Abated | 1.75%<br>SCCRT<br>Abated | Local Options<br>Abated |
|-------------------------------|---|---|--|-------------------------|-------------------------|--------------------------|-------------------------|
| FY 1999                       | \$ 4,183,411                                | \$ 1,875,859  | 45%  | \$ 889,893              | \$ 197,754              | \$ 692,139               | \$ 96,073               |
| FY 2000                       | \$ 7,346,440                                | \$ 2,482,743  | 34%  | \$ 1,113,620            | \$ 247,471              | \$ 866,149               | \$ 255,503              |
| FY 2001                       | \$ 7,562,536                                | \$ 5,630,216  | 74%  | \$ 2,502,095            | \$ 556,021              | \$ 1,946,074             | \$ 626,027              |
| FY 2002                       | \$ 5,962,671                                | \$ 2,730,820  | 46%  | \$ 1,208,643            | \$ 268,587              | \$ 940,056               | \$ 313,534              |
| FY 2003                       | \$ 3,064,014                                | \$ 1,005,662  | 33%  | \$ 443,737              | \$ 98,608               | \$ 345,129               | \$ 118,188              |
| FY 2004                       | \$ 8,463,115                                | \$ 2,717,309  | 32%  | \$ 1,303,156            | \$ 289,590              | \$ 1,013,566             | \$ 110,996              |
| FY 2005                       | \$ 12,444,542                               | \$ 8,169,822  | 66%  | \$ 3,404,678            | \$ 756,595              | \$ 2,648,083             | \$ 1,360,467            |
| FY 2006                       | \$ 11,923,696                               | \$ 8,365,237  | 70%  | \$ 3,437,248            | \$ 763,833              | \$ 2,673,415             | \$ 1,490,741            |
| FY 2007                       | \$ 18,858,991                               | \$ 7,212,769  | 38%  | \$ 3,231,184            | \$ 718,041              | \$ 2,513,143             | \$ 750,400              |
| FY 2008*                      | \$ 34,791,225                               | N/A   | N/A  | N/A                     | N/A                     | N/A                      | N/A                     |
| <b>Total FY 1999-FY 2007*</b> | <b>\$ 79,809,416</b>                        | <b>\$ 40,190,437</b>  | <b>50%</b>   | <b>\$ 17,534,254</b>    | <b>\$ 3,896,501</b>     | <b>\$ 13,637,753</b>     | <b>\$ 5,121,928</b>     |

\* In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the "Total" calculations. While the summary data for abatements approved in FY 2008 is provided in the table, comparison against abatements used could not be made given that many of these businesses had not yet reported information to the Department of Taxation.

**Personal Property Tax Abatements Approved vs. Abatements Used and Real Property Tax Abatements Used**

|                               | <b>Number of Businesses Approved for Personal Property Tax Abatement</b> | <b>Number of Businesses that Used Personal Property Tax Abatement (Based on Fiscal Year Approved)</b> | <b>Percent of Businesses Approved That Actually Used Personal Property Tax Abatement</b> | <b>Cumulative Estimates of Personal Property Tax Abatements Approved (1)</b> | <b>Personal Property Tax Abatements Actually Used as Reported by County Assessors and Treasurers (2)</b> | <b>Percent of Personal Property Tax Abatements Approved That Are Actually Used (1)</b> | <b>Real Property Tax Abatements Used as Reported by County Assessors and Treasurers (2)</b> |
|-------------------------------|--|---|--|--|--|--|---|
| <b>FY 1999</b>                | 1  | 1   | 100%   | \$ 78,860  | \$ -   | 0%   | \$ -  |
| <b>FY 2000</b>                | 1  | 1   | 100%   | \$ 132,352   | \$ 4,465   | 3%   | \$ 52,756   |
| <b>FY 2001</b>                | 10   | 8   | 80%  | \$ 670,262   | \$ 133,683   | 20%  | \$ 49,469   |
| <b>FY 2002</b>                | 10   | 9   | 90%  | \$ 1,156,768   | \$ 232,185   | 20%  | \$ 50,057   |
| <b>FY 2003</b>                | 10   | 8   | 80%  | \$ 1,275,592   | \$ 383,468   | 30%  | \$ 74,104   |
| <b>FY 2004</b>                | 13   | 5   | 38%  | \$ 1,442,238   | \$ 457,638   | 32%  | \$ 66,513   |
| <b>FY 2005</b>                | 20   | 12  | 60%  | \$ 2,340,561   | \$ 915,912   | 39%  | \$ 68,075   |
| <b>FY 2006</b>                | 19   | 14  | 74%  | \$ 3,122,697   | \$ 1,181,701   | 38%  | \$ 68,418   |
| <b>FY 2007</b>                | 22   | 12  | 55%  | \$ 3,990,058   | \$ 1,676,361   | 42%  | \$ 148,620  |
| <b>FY 2008*</b>               | 13   | N/A   | N/A  | \$ 5,700,050   | \$ 1,878,696   | 33%  | \$ 171,951  |
| <b>Total FY 1999-FY 2007*</b> | <b>106</b>   | <b>70</b>   | <b>66%</b>   | <b>\$ 14,209,389</b>   | <b>\$ 4,985,413</b>  | <b>35%</b>   | <b>\$ 578,011</b>   |

\* In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the "Total" calculations. While the summary data for the FY 2008 approvals is provided in the tables, comparable analysis against abatements used could not be made given that many of these businesses had not yet reported information to the Department of Taxation. The FY 2008 data included in the Personal Property Tax Abatements table (estimates of amount approved and actual amounts used) reflect abatements based on approvals in previous years.

(1) Estimation of personal property tax abatements approved is based on the cumulative effect of all NCED approvals that occurred during each fiscal year between FY 1999 to FY 2007. Based on the methodology used, a portion of the estimated abatements is allocated to each of the subsequent fiscal years since the abatements are used over a ten-year period.

(2) Real and personal property tax abatements used were reported by county assessors and treasurers and reflect the actual amount of abatements used during each fiscal year between FY 1999 to FY 2008 by all businesses that were approved during FY 1999 to FY 2007.

### Detailed Analysis of Abatements Approved Versus Abatements Used

The tables on pages 53-59 provide a detailed comparison of the estimated maximum amount of abatements approved by NCED during the period of FY 1999 to FY 2008 versus estimated and actual data for the amount of abatements that have actually been used by businesses that have located or expanded in Nevada. These tables also include statistical comparisons for a number of additional aspects, such as the number of jobs, total wages, capital investment, and equipment purchases for businesses approved versus businesses that actually participated in the abatement program.

In most cases, these tables are displayed in groups of two tables per page to present a comparison of **abatements approved** versus either actual data or estimates of **abatements actually used** based on the fiscal year that each business was approved (reference fiscal year). Since numerous fiscal years are presented, some groups of tables have been displayed on two separate pages for easier viewing.

Tables 1 and 2, located on page 53, provide an analysis of the sales and use tax abatements, including maximum amounts approved versus reported amounts actually used.

Table 1: Summary of the Maximum Amount of Sales and Use Tax Abatements Approved by NCED (FY 1999-FY 2008)

Table 2: Summary of Sales and Use Tax Abatements Actually Used by NCED-Approved Businesses (FY 1999-FY 2008) Based on Department of Taxation Reports

Tables 3 and 4, located on page 54, provide analysis of the personal property tax abatements, including estimated amounts approved versus actual amounts used as reported by county assessors and treasurers.

Table 3: Summary of the Maximum Amount of Personal Property Tax Abatements Approved by NCED (FY 1999-FY 2008) Based on Assumption That All Approved Abatements Are Actually Used

Table 4: Personal Property Tax Abatements Actually Used (FY 1999-FY 2008) Reported by County Assessors or Treasurers

Table 5 located on page 55, includes information for the real property tax abatements. The number of businesses approved, along with the amounts actually used as reported by county assessors and treasurers, is provided. The estimated dollar amount of real property tax abatements approved was not calculated by the Fiscal Analysis Division, and a comparison of the amount approved versus the amount used is not provided for real property tax abatements.

Table 5: Summary of Real Property Tax Abatements (FY 1999-FY 2008)

Tables 6 and 7, located on pages 56 and 57, provide analysis of the Business License Tax abatement and Modified Business Tax abatement, including estimates of amounts approved versus estimates of amounts actually used.

Table 6: Summary of the Maximum Amount of Business License Tax and Modified Business Tax Abatements Approved by NCED (FY 1999-FY 2008) Based on Assumption That All Approved Abatements Are Actually Used

Table 7: Estimates of Business License Tax and Modified Business Tax Abatements Actually Used (FY 1999-FY 2008) Based on Reporting to Department of Taxation for Other Approved Abatements

Tables 8, 9 and 10, located on page 58, provide summary results for all of the above abatements, including estimates of the maximum amounts approved versus amounts actually used and the percentage of abatements used.

Table 8: Estimate of Total Sales and Use Tax, Personal Property Tax and Business Tax/Modified Business Tax Abatements Approved by NCED (FY 1999-FY 2008)

Table 9: Estimate of Total Sales and Use Tax, Personal Property Tax and Modified Business Tax Abatements Actually Used by NCED Approved Businesses (FY 1999-FY 2008)

Table 10: Summary Estimates of Percentage of Abatements Used Versus Abatements Approved for Sales and Use Tax Abatement, Personal Property Tax Abatement and Business/Modified Business Tax Abatement Approved by NCED (FY 1999-FY 2008)

Note: Since estimates of real property tax abatements approved were not calculated by the Fiscal Analysis Division and a comparison of amounts approved versus amounts used is not provided, the data for real property tax abatements presented in Table 5 is not included in Tables 8-10.

***Please see the Table Notes located in Section II-J for a detailed explanation of the data provided, methodologies used and the assumptions established for Tables 1 through 10.***

**Table 1: Summary of the Maximum Amount of Sales and Use Tax Abatements Approved by NCED (FY 1999-FY 2008)**

Fiscal year tabulations are based on the fiscal year that abatements were approved (reference fiscal year).

|  | FY 1999       | FY 2000        | FY 2001        | FY 2002        | FY 2003       | FY 2004        | FY 2005        | FY 2006        | FY 2007        | FY 2008*       | FY 1999-FY 2007* |                |
|--|---------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|
|  |               |                |                |                |               |                |                |                |                |                | Total            | Average        |
| <b>Businesses Approved</b>   | 21            | 18             | 20             | 13             | 15            | 24             | 32             | 33             | 30             | 22             | 206              | 23             |
| <b>New Jobs Anticipated</b>  | 1,345         | 1,569          | 1,926          | 844            | 715           | 1,397          | 1,214          | 1,169          | 861            | 338            | 11,040           | 1,227          |
| <b>Total Wages (Per Year)</b>  | \$ 42,408,621 | \$ 53,805,024  | \$ 77,233,978  | \$ 35,970,480  | \$ 26,719,056 | \$ 51,331,384  | \$ 52,487,594  | \$ 50,762,920  | \$ 36,016,115  | \$ 15,881,403  | \$ 426,735,172   | \$ 47,415,019  |
| <b>Average Wage Anticipated</b>  | \$ 15.16      | \$ 16.49       | \$ 19.28       | \$ 20.49       | \$ 17.97      | \$ 17.67       | \$ 20.79       | \$ 20.88       | \$ 20.11       | \$ 22.59       | 169              | 19             |
| <b>Average Wage Requirement</b>  | \$ 13.37      | \$ 14.12       | \$ 14.61       | \$ 15.09       | \$ 15.48      | \$ 15.89       | \$ 16.49       | \$ 17.34       | \$ 18.12       | \$ 18.72       | 141              | 16             |
| <b>Total Capital Investment</b>  | \$ 86,327,221 | \$ 148,169,619 | \$ 156,464,428 | \$ 118,086,833 | \$ 91,886,493 | \$ 233,312,420 | \$ 246,492,068 | \$ 255,721,357 | \$ 505,323,782 | \$ 864,728,321 | \$ 1,841,784,221 | \$ 204,642,691 |
| <b>Value of Equipment Approved</b>   | \$ 86,327,221 | \$ 148,169,619 | \$ 156,464,428 | \$ 118,086,833 | \$ 59,125,314 | \$ 166,827,129 | \$ 231,728,040 | \$ 222,108,110 | \$ 341,970,367 | \$ 648,635,800 | \$ 1,530,807,061 | \$ 170,089,673 |
| <b>Sales and Use Taxes Anticipated to be Paid (2% to State General Fund)</b> | \$ 1,704,963  | \$ 2,926,350   | \$ 3,090,172   | \$ 2,332,215   | \$ 1,167,725  | \$ 3,319,448   | \$ 4,611,388   | \$ 4,426,179   | \$ 6,839,407   | \$ 12,972,716  | \$ 30,417,847    | \$ 3,379,761   |
| <b>MAXIMUM SALES AND USE TAX ABATEMENTS APPROVED</b>                         | \$ 4,183,411  | \$ 7,346,440   | \$ 7,562,536   | \$ 5,962,671   | \$ 3,064,014  | \$ 8,463,115   | \$ 12,444,542  | \$ 11,923,696  | \$ 18,858,991  | \$ 34,791,225  | \$ 79,809,416    | \$ 8,867,713   |
| <b>2.25% LSST</b>  | \$ 1,942,362  | \$ 3,333,816   | \$ 3,520,450   | \$ 2,656,954   | \$ 1,330,320  | \$ 3,753,610   | \$ 5,213,881   | \$ 4,997,432   | \$ 7,694,333   | \$ 14,594,306  | \$ 34,443,159    | \$ 3,827,018   |
| <b>0.5% BCCRT</b>  | \$ 431,636    | \$ 740,848     | \$ 782,322     | \$ 590,434     | \$ 295,627    | \$ 834,136     | \$ 1,158,640   | \$ 1,110,541   | \$ 1,709,852   | \$ 3,243,179   | \$ 7,654,035     | \$ 850,448     |
| <b>1.75% SCCRT</b>   | \$ 1,510,726  | \$ 2,592,968   | \$ 2,738,127   | \$ 2,066,520   | \$ 1,034,693  | \$ 2,919,475   | \$ 4,055,241   | \$ 3,886,892   | \$ 5,984,481   | \$ 11,351,127  | \$ 26,789,124    | \$ 2,976,569   |
| <b>Local Options</b>   | \$ 298,686    | \$ 678,807     | \$ 521,637     | \$ 648,764     | \$ 403,375    | \$ 955,894     | \$ 2,016,780   | \$ 1,928,831   | \$ 3,470,324   | \$ 5,602,614   | \$ 10,923,098    | \$ 1,213,678   |

Please see **Table 1 Notes** in Section IIJ for explanation of data, methodology and assumptions.

**Table 2: Summary of Sales and Use Tax Abatements Actually Used by NCED Approved Businesses (FY 1999-FY 2008) Based on Department of Taxation Reports**

Fiscal year tabulations are based on the fiscal year that abatements were approved (reference fiscal year) and DO NOT reflect actual amounts that may have occurred during that fiscal year.

|  | FY 1999       | FY 2000       | FY 2001        | FY 2002       | FY 2003       | FY 2004       | FY 2005        | FY 2006        | FY 2007        | FY 2008* | FY 1999-FY 2007* |               |
|--|---------------|---------------|----------------|---------------|---------------|---------------|----------------|----------------|----------------|----------|------------------|---------------|
|  |               |               |                |               |               |               |                |                |                |          | Total            | Average       |
| <b>Businesses That Used Sales and Use Tax Abatements</b>                         | 12            | 7             | 16             | 8             | 8             | 8             | 16             | 18             | 19             | N/A      | 112              | 12            |
| <b>New Jobs Created (Min. Required)</b>  | 373           | 340           | 986            | 557           | 355           | 719           | 588            | 488            | 684            | N/A      | 5,090            | 566           |
| <b>Total Wages (Min. Required Per Year)</b>                                      | \$ 12,025,395 | \$ 11,723,171 | \$ 41,088,902  | \$ 23,640,115 | \$ 11,680,427 | \$ 25,822,347 | \$ 22,039,014  | \$ 19,344,354  | \$ 27,185,933  | N/A      | \$ 194,549,658   | \$ 21,616,629 |
| <b>Average Wage</b>  | \$ 15.50      | \$ 16.58      | \$ 20.03       | \$ 20.40      | \$ 15.82      | \$ 17.27      | \$ 18.02       | \$ 19.06       | \$ 19.11       | N/A      | N/A              | N/A           |
| <b>Value of Equipment Purchased by Businesses That Used Abatement</b>            | \$ 39,550,808 | \$ 49,494,222 | \$ 111,204,211 | \$ 53,717,470 | \$ 19,721,636 | \$ 57,918,061 | \$ 151,319,007 | \$ 152,766,587 | \$ 143,608,195 | N/A      | \$ 779,300,197   | \$ 86,588,911 |
| <b>Sales and Use Taxes Paid on Approved Equipment (2% to State General Fund)</b> | \$ 1,288,177  | \$ 1,526,978  | \$ 2,383,805   | \$ 1,547,626  | \$ 389,502    | \$ 1,217,688  | \$ 2,692,614   | \$ 4,234,234   | \$ 1,417,918   | N/A      | \$ 16,698,542    | \$ 1,855,394  |
| <b>ACTUAL SALES AND USE TAXES ABATED</b>   | \$ 1,875,859  | \$ 2,482,743  | \$ 5,630,216   | \$ 2,730,820  | \$ 1,005,662  | \$ 2,717,309  | \$ 8,169,822   | \$ 8,365,237   | \$ 7,212,769   | N/A      | \$ 40,190,437    | \$ 4,465,604  |
| <b>2.25% LSST</b>  | \$ 889,893    | \$ 1,113,620  | \$ 2,502,095   | \$ 1,208,643  | \$ 443,737    | \$ 1,303,156  | \$ 3,404,678   | \$ 3,437,248   | \$ 3,231,184   | N/A      | \$ 17,534,254    | \$ 1,948,250  |
| <b>0.5% BCCRT</b>  | \$ 197,754    | \$ 247,471    | \$ 556,021     | \$ 268,587    | \$ 98,608     | \$ 289,590    | \$ 756,595     | \$ 763,833     | \$ 718,041     | N/A      | \$ 3,896,501     | \$ 432,945    |
| <b>1.75% SCCRT</b>   | \$ 692,139    | \$ 866,149    | \$ 1,946,074   | \$ 940,056    | \$ 345,129    | \$ 1,013,566  | \$ 2,648,083   | \$ 2,673,415   | \$ 2,513,143   | N/A      | \$ 13,637,753    | \$ 1,515,306  |
| <b>Local Options</b>   | \$ 96,073     | \$ 255,503    | \$ 626,027     | \$ 313,534    | \$ 118,188    | \$ 110,996    | \$ 1,360,467   | \$ 1,490,741   | \$ 750,400     | N/A      | \$ 5,121,928     | \$ 569,103    |

Please see **Table 2 Notes** in Section IIJ for explanation of data, methodology and assumptions.

\* In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the "Total" and "Average" calculations. While the summary data for the FY 2008 approvals is provided in the Table 1, comparable analysis against abatements used provided in Table 2 could not be made given that many of these businesses had not yet reported information to the Department of Taxation.

**Table 3: Summary of the Maximum Amount of Personal Property Tax Abatements Approved by NCED (FY 1999-FY 2008) Based on Assumption That All Approved Abatements Are Actually Used**

|   | FY 1999       | FY 2000       | FY 2001        | FY 2002        | FY 2003       | FY 2004       | FY 2005        | FY 2006        | FY 2007        | FY 2008*       | FY 1999-FY 2007* |                |
|---|---------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|------------------|----------------|
|   |               |               |                |                |               |               |                |                |                |                | Total            | Average        |
| <b>Businesses Approved for Personal Property Tax Abatements</b> | 1             | 1             | 10             | 10             | 10            | 13            | 20             | 19             | 22             | 13             | 106              | 12             |
| <b>Value of Equipment Approved</b>                              | \$ 15,000,000 | \$ 12,600,000 | \$ 104,650,319 | \$ 111,173,801 | \$ 56,542,932 | \$ 66,025,281 | \$ 200,336,886 | \$ 192,091,999 | \$ 219,377,171 | \$ 384,096,202 | \$ 1,361,894,591 | \$ 136,189,459 |

**ESTIMATE OF MAXIMUM PERSONAL PROPERTY TAX ABATEMENTS**

Fiscal years shown below by row represent the fiscal year that abatements were approved (reference fiscal year). Fiscal years shown below by column represent the cumulative effect of abatements approved in the current and all previous reference fiscal years.

|  | FY1999    | FY2000     | FY2001     | FY2002       | FY2003       | FY2004       | FY2005       | FY2006       | FY2007       | FY2008*      | FY 1999-FY 2007* |              |
|--|-----------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------|--------------|
|  |           |            |            |              |              |              |              |              |              |              | Total            | Average      |
| <b>FY 1999</b>   | \$ 78,860 | \$ 65,454  | \$ 54,958  | \$ 47,120    | \$ 40,946    | \$ 40,161    | \$ 40,161    | \$ 40,844    | \$ 41,751    | \$ 43,474    | \$ 450,256       | \$ 50,028    |
| <b>FY 2000</b>   |           | \$ 66,897  | \$ 55,525  | \$ 46,621    | \$ 39,972    | \$ 34,735    | \$ 34,387    | \$ 34,387    | \$ 34,972    | \$ 36,371    | \$ 347,496       | \$ 43,437    |
| <b>FY 2001</b>   |           |            | \$ 559,780 | \$ 464,617   | \$ 390,111   | \$ 334,477   | \$ 287,881   | \$ 277,086   | \$ 272,048   | \$ 271,776   | \$ 2,586,000     | \$ 369,429   |
| <b>FY 2002</b>   |           |            |            | \$ 598,410   | \$ 496,680   | \$ 417,032   | \$ 361,065   | \$ 310,765   | \$ 299,111   | \$ 290,954   | \$ 2,483,062     | \$ 413,844   |
| <b>FY 2003</b>   |           |            |            |              | \$ 307,883   | \$ 255,543   | \$ 212,439   | \$ 182,144   | \$ 156,769   | \$ 150,890   | \$ 1,114,779     | \$ 222,956   |
| <b>FY 2004</b>   |           |            |            |              |              | \$ 360,290   | \$ 313,452   | \$ 270,218   | \$ 236,530   | \$ 209,893   | \$ 1,180,490     | \$ 295,123   |
| <b>FY 2005</b>   |           |            |            |              |              |              | \$ 1,091,175 | \$ 949,322   | \$ 818,381   | \$ 723,449   | \$ 2,858,878     | \$ 952,959   |
| <b>FY 2006</b>   |           |            |            |              |              |              |              | \$ 1,057,932 | \$ 920,401   | \$ 801,384   | \$ 1,978,333     | \$ 989,167   |
| <b>FY 2007</b>   |           |            |            |              |              |              |              |              | \$ 1,210,094 | \$ 1,052,782 | \$ 1,210,094     | \$ 1,210,094 |
| <b>FY 2008*</b>  |           |            |            |              |              |              |              |              |              | \$ 2,119,078 | \$ -             | \$ -         |
| <b>Average Statewide Property Tax Rate</b>   | 3.0042%   | 3.0339%    | 3.0566%    | 3.0758%      | 3.1115%      | 3.1182%      | 3.1124%      | 3.1471%      | 3.1526%      | 3.1526%      |                  |              |
| <b>Total Cumulative Estimate of Maximum Personal Property Tax Abatements Approved (And Average of Columns)</b> | \$ 78,860 | \$ 132,352 | \$ 670,262 | \$ 1,156,768 | \$ 1,275,592 | \$ 1,442,238 | \$ 2,340,561 | \$ 3,122,697 | \$ 3,990,058 | \$ 5,700,050 | \$ 14,209,389    | \$ 1,578,821 |

Please see **Table 3 Notes** in Section IIJ for explanation of data, methodology and assumptions.

**Table 4: Summary of Personal Property Tax Abatements Actually Used (FY 1999-FY 2008) Reported by County Assessors and Treasurers**

|  | FY 1999 | FY 2000  | FY 2001    | FY 2002    | FY 2003    | FY 2004    | FY 2005    | FY 2006      | FY 2007      | FY 2008*     | FY 1999-FY 2007* |            |
|--|---------|----------|------------|------------|------------|------------|------------|--------------|--------------|--------------|------------------|------------|
|  |         |          |            |            |            |            |            |              |              |              | Total            | Average    |
| <b>Businesses That Received Personal Property Tax Abatements (Based on Fiscal Year Approved)</b>         | 1       | 1        | 8          | 9          | 8          | 5          | 12         | 14           | 12           | N/A          | 70               | 8          |
| <b>Businesses That Received Personal Property Tax Abatements (Cumulative Number In Each Fiscal Year)</b> | 0       | 1        | 4          | 10         | 18         | 24         | 34         | 43           | 52           | 47           | N/A              | 23         |
| <b>Total Personal Property Tax Abatements Used During Each Fiscal Year</b>                               | \$ -    | \$ 4,465 | \$ 133,683 | \$ 232,185 | \$ 383,468 | \$ 457,638 | \$ 915,912 | \$ 1,181,701 | \$ 1,676,361 | \$ 1,878,696 | \$ 4,985,413     | \$ 553,935 |

Please see **Table 4 Notes** in Section IIJ for explanation of data, methodology and assumptions.

\* In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the "Total" and "Average" calculations in Table 4. While the summary data for the FY 2008 approvals is provided in the Table 3, comparable analysis against abatements used provided in Table 4 could not be made given that many of these businesses had not yet reported information to the Department of Taxation. The FY 2008 data included in Table 3 (estimates of amount approved) and Table 4 (actual amounts used) reflects abatements based on approvals in previous years. However, at the time of this report, information for abatements used was not available for all businesses for the FY 2008 period. Therefore, the FY 2008 data is not included in the Total and Average calculations in order to provide comparable statistics.

**Table 5: Summary of Real Property Tax Abatements (FY 1999-FY 2008)**

|   | FY 1999   | FY 2000   | FY 2001   | FY 2002   | FY 2003   | FY 2004   | FY 2005** | FY 2006   | FY 2007    | FY 2008    | FY 1999-FY 2008* |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------------|-----------|
|   |           |           |           |           |           |           |           |           |            |            | Total            | Average   |
| <b>Businesses Approved by NCED for Real Property Tax Abatements</b>   | 1         | 0         | 1         | 0         | 0         |           | 1         | 0         | 3          | 0          | 6                | 0.7       |
| <b>Rate and Number of Years Approved</b>  | 75%/20Yrs |           | 75%/5Yrs  |           |           |           | 75%/20Yrs |           | 50%/10Yrs  |            |                  |           |
| <b>Information Reported by County Assessors and Treasurers</b>  |           |           |           |           |           |           |           |           |            |            |                  |           |
| <b>Businesses That Actually Received Real Property Tax Abatements (Based on Fiscal Year Approved)</b>             | 1         | 0         | 1         | 0         | 0         | 0         | 1         | 0         | 2          | 0          | 5                | 0.5       |
| <b>Businesses That Actually Received Real Property Tax Abatements (Cumulative Number During Each Fiscal Year)</b> | 0         | 1         | 1         | 2         | 2         | 2         | 2         | 2         | 2          | 4          | N/A              | 1.6       |
| <b>Total Real Property Tax Abatements Actually Used During Each Fiscal Year</b>                                   | \$ -      | \$ 52,756 | \$ 49,469 | \$ 50,057 | \$ 74,104 | \$ 66,513 | \$ 68,075 | \$ 68,418 | \$ 148,620 | \$ 171,951 | \$ 578,011       | \$ 64,223 |
| Please see <b>Table 5 Notes</b> in Section IIJ for explanation of data, methodology and assumptions.              |           |           |           |           |           |           |           |           |            |            |                  |           |

Note: A comparison against estimates of the maximum amount of abatements approved is not provided for the data presented in Table 5. Given the complex nature of real property valuation combined with the difficulty in estimating the abatements with regard to the provisions of A.B. 489 passed by the 2005 Nevada Legislature, the Fiscal Analysis Division did not attempt to estimate the maximum amount of real property tax abatements that were approved by NCED during FY 1999 to FY 2008.

\* Since complete FY 2008 data was available for the information presented in Table 5 and statistical comparisons against abatements approved is not provided, the FY 2008 data is included in the Total and Average calculations for Table 5 only. The data from Table 5 is not included in the summary information provided in Tables 8, 9 and 10.

\*\* The approval shown in FY 2005 was originally approved by NCED in FY 2001 but is shown here to avoid double counting of the activity due to a reconsideration of the application that was approved in FY 2005.

**Table 6: Summary of the Maximum Amount of Business License Tax and Modified Business Tax Abatements Approved by NCED (FY1999-FY2008) Based on Assumption That All Approved Abatements Are Actually Used**

|  | Business Tax Abatement FY 1999-FY 2003 |               |               |               |               |                                   |         | Modified Business Tax Abatement FY 2006 to Current |               |               |                |               |
|--|--|---------------|---------------|---------------|---------------|-----------------------------------|---------|--|---------------|---------------|----------------|---------------|
|  |  |               |               |               |               |                                   |         | FY 1999-FY 2007*                                   |               |               |                |               |
|  | FY 1999                                | FY 2000       | FY 2001       | FY 2002       | FY 2003       | FY 2004                           | FY 2005 | FY 2006  | FY 2007       | FY 2008*      | Total          | Average       |
| <b>Businesses Approved for Business Tax and Modified Business Tax Abatements</b> | 6                                      | 16            | 19            | 12            | 16            | See FY2004 and FY2005 Notes Below |         | 25   | 29            | 20            | 123            | 18            |
| <b>New Jobs Approved for Business Tax and Modified Business Tax Abatement</b>    | 895                                    | 1,483         | 1,790         | 826           | 747           |                                   |         | 1,007  | 861           | 321           | 7,609          | 1087          |
| <b>Total Wages of New Jobs Approved</b>  | \$ 27,431,456                          | \$ 50,121,635 | \$ 67,550,995 | \$ 35,480,765 | \$ 27,825,949 |                                   |         | \$ 43,550,562                                      | \$ 36,016,115 | \$ 15,130,939 | \$ 287,977,477 | \$ 41,139,640 |

**ESTIMATE OF MAXIMUM BUSINESS LICENSE TAX AND MODIFIED BUSINESS TAX ABATEMENTS APPROVED**

Fiscal years shown below by row represent the fiscal year that abatements were approved (reference fiscal year). Fiscal years shown below by column represent the cumulative effect of abatements approved in the current and all previous reference fiscal years.

|   | FY 1999    | FY 2000    | FY 2001    | FY 2002    | FY 2003    | FY 2004  | FY 2005 | FY 2006    | FY 2007    | FY 2008*   | FY 1999-FY 2007* |            |            |
|---|------------|------------|------------|------------|------------|--|---------|------------|------------|------------|------------------|------------|------------|
|   |            |            |            |            |            |  |         |            |            |            | Total            | Average    |            |
| <b>FY 1999</b>  | \$ 179,000 |            |            |            |            |  |         |            |            |            | \$ 179,000       | \$ 179,000 |            |
| <b>FY 2000</b>  |            | \$ 296,200 |            |            |            | Business Tax Abatement was discontinued by the 2003 Legislature effective 7/1/2003. Modified Business Tax Abatement became effective during FY 2006. One business received abatement in FY 2004 based on an application submitted prior to 7/1/2003 (abatement amount included in FY 2003 calculations). |         |            |            |            | \$ 296,200       | \$ 296,200 |            |
| <b>FY 2001</b>  |            |            | \$ 239,720 |            |            |  |         |            |            |            |                  | \$ 239,720 | \$ 239,720 |
| <b>FY 2002</b>  |            |            |            | \$ 165,400 |            |  |         |            |            |            |                  | \$ 165,400 | \$ 165,400 |
| <b>FY 2003</b>  |            |            |            |            | \$ 153,400 |  |         |            |            |            | \$ 153,400       | \$ 153,400 |            |
| <b>FY 2004</b>  |            |            |            |            |            |  |         |            |            |            | N/A              | N/A        |            |
| <b>FY 2005</b>  |            |            |            |            |            |  |         |            |            |            | N/A              | N/A        |            |
| <b>FY 2006</b>  |            |            |            |            |            |  |         | \$ 137,184 | \$ 137,184 | \$ 137,184 | \$ 274,369       | \$ 137,184 |            |
| <b>FY 2007</b>  |            |            |            |            |            |  |         |            | \$ 113,451 | \$ 113,451 | \$ 113,451       | \$ 113,451 |            |
| <b>FY 2008*</b>   |            |            |            |            |            |  |         |            |            | \$ 47,662  | \$ -             | \$ -       |            |
| <b>Total Cumulative Estimate of Maximum Business Tax and Modified Business Tax Abatements Approved (And Average of Columns)</b> | \$ 179,000 | \$ 296,200 | \$ 239,720 | \$ 165,400 | \$ 153,400 |  |         | \$ 137,184 | \$ 250,635 | \$ 298,297 | \$ 1,421,539     | \$ 203,077 |            |

Please see **Table 6 Notes** in Section IIJ for explanation of data, methodology and assumptions.

\* In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the "Total" and "Average" calculations. While the summary data for the FY 2008 approvals is provided in the Table 6, comparable analysis against abatements used provided in Table 7 could not be made given that many of these businesses had not yet reported information to the Department of Taxation. The FY 2008 data included in Table 6 (estimates of abatements approved) and Table 7 (estimates of abatements used) reflects the estimates based on approvals in previous years.

**Table 7: Estimates of Business License Tax and Modified Business Tax Abatements Actually Used (FY 1999-FY 2008) Based on Businesses Reporting to Department of Taxation for Other Approved Abatements**

|   | Business Tax Abatement FY 1999-FY 2003 |               |               |               |               |                                   |         | Modified Business Tax Abatement FY 2006 to Current |         |          |                  |               |     |                |               |
|---|--|---------------|---------------|---------------|---------------|-----------------------------------|---------|--|---------|----------|------------------|---------------|-----|----------------|---------------|
|   |  |               |               |               |               | FY 2004                           | FY 2005 |  |         |          | FY 1999-FY 2007* |               |     |                |               |
|   | FY 1999                                | FY 2000       | FY 2001       | FY 2002       | FY 2003       |                                   |         | FY 2006  | FY 2007 | FY 2008* | Total            | Average       |     |                |               |
| <b>Number of Businesses Using Business Tax and Modified Business Tax Abatements</b> | 2                                      | 6             | 15            | 7             | 9             | See FY2004 and FY2005 Notes Below |         |  |         |          |                  |               |     |                |               |
|   |  |               |               |               |               |                                   | 11      | 19   | N/A     | 69       | 10               |               |     |                |               |
| <b>New Jobs Receiving Business Tax and Modified Business Tax Abatement</b>          | 86                                     | 334           | 850           | 539           | 387           |                                   | 364     | 684  | N/A     | 3,244    | 463              |               |     |                |               |
| <b>Total Wages of Jobs Receiving Abatement</b>                                      | \$ 2,455,398                           | \$ 11,540,838 | \$ 31,405,920 | \$ 23,640,115 | \$ 12,787,320 |                                   |         |  |         |          | \$ 14,382,264    | \$ 27,185,933 | N/A | \$ 123,397,788 | \$ 17,628,255 |

**ESTIMATE OF BUSINESS TAX AND MODIFIED BUSINESS TAX ABATEMENTS ACTUALLY USED**

Fiscal years shown below by row represent the fiscal year that abatements were approved (reference fiscal year). Fiscal years shown below by column represent the cumulative effect of abatements approved in the current and all previous reference fiscal years.

|  | FY 1999   | FY 2000   | FY 2001    | FY 2002    | FY 2003   | FY 2004 | FY 2005 | FY 2006   | FY 2007    | FY 2008*   | FY 1999-FY 2007* |            |
|--|-----------|-----------|------------|------------|-----------|---------|---------|-----------|------------|------------|------------------|------------|
|  |           |           |            |            |           |         |         |           |            |            | Total            | Average    |
| <b>FY 1999</b>   | \$ 17,200 |           |            |            |           |         |         |           |            |            | \$ 17,200        | \$ 17,200  |
| <b>FY 2000</b>   |           | \$ 66,800 |            |            |           |         |         |           |            |            | \$ 66,800        | \$ 66,800  |
| <b>FY 2001</b>   |           |           | \$ 169,920 |            |           |         |         |           |            |            | \$ 169,920       | \$ 169,920 |
| <b>FY 2002</b>   |           |           |            | \$ 108,000 |           |         |         |           |            |            | \$ 108,000       | \$ 108,000 |
| <b>FY 2003</b>   |           |           |            |            | \$ 77,400 |         |         |           |            |            | \$ 77,400        | \$ 77,400  |
| <b>FY 2004</b>   |           |           |            |            |           |         |         |           |            |            | N/A              | N/A        |
| <b>FY 2005</b>   |           |           |            |            |           |         |         |           |            |            | N/A              | N/A        |
| <b>FY 2006</b>   |           |           |            |            |           |         |         | \$ 45,304 | \$ 45,304  | \$ 45,304  | \$ 90,608        | \$ 45,304  |
| <b>FY 2007</b>   |           |           |            |            |           |         |         |           | \$ 85,636  | \$ 85,636  | \$ 85,636        | \$ 85,636  |
| <b>FY 2008*</b>  |           |           |            |            |           |         |         |           |            | N/A        | N/A              | N/A        |
| <b>Total Cumulative Estimate of Business Tax and Modified Business Tax Abatements Actually Used (And Average of Columns)</b> | \$ 17,200 | \$ 66,800 | \$ 169,920 | \$ 108,000 | \$ 77,400 |         |         | \$ 45,304 | \$ 130,940 | \$ 130,940 | \$ 615,564       | \$ 87,938  |

Please see **Table 7 Notes** in Section IIJ for explanation of data, methodology and assumptions.

\* In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the "Total" and "Average" calculations. While the summary data for the FY 2008 approvals is provided in the Table 6, comparable analysis against abatements used provided in Table 7 could not be made given that many of these businesses had not yet reported information to the Department of Taxation. The FY 2008 data included in Table 6 (estimates of abatements approved) and Table 7 (estimates of abatements used) reflects the estimates based on approvals in previous years.

**Table 8: Estimates for Sales and Use Tax Abatements, Personal Property Tax Abatements and Business Tax/Modified Business Tax Abatements Approved by NCED (FY 1999-FY 2008)**

|   | FY 1999             | FY 2000             | FY 2001             | FY 2002             | FY 2003             | FY 2004             | FY 2005              | FY 2006              | FY 2007              | FY 2008*             | FY 1999-FY 2007*     |                      |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   |                     |                     |                     |                     |                     |                     |                      |                      |                      |                      | Total                | Average              |
| <b>Sales and Use Tax Abatement</b>                    | \$ 4,183,411        | \$ 7,346,440        | \$ 7,562,536        | \$ 5,962,671        | \$ 3,064,014        | \$ 8,463,115        | \$ 12,444,542        | \$ 11,923,696        | \$ 18,858,991        | \$ 34,791,225        | \$ 79,809,416        | \$ 8,867,713         |
| <b>2.25% LSST</b>                                     | \$ 1,942,362        | \$ 3,333,816        | \$ 3,520,450        | \$ 2,656,954        | \$ 1,330,320        | \$ 3,753,610        | \$ 5,213,881         | \$ 4,997,432         | \$ 7,694,333         | \$ 14,594,306        | \$ 34,443,159        | \$ 3,827,018         |
| <b>0.5% BCCRT</b>                                     | \$ 431,636          | \$ 740,848          | \$ 782,322          | \$ 590,434          | \$ 295,627          | \$ 834,136          | \$ 1,158,640         | \$ 1,110,541         | \$ 1,709,852         | \$ 3,243,179         | \$ 7,654,035         | \$ 850,448           |
| <b>1.75% SCCRT</b>                                    | \$ 1,510,726        | \$ 2,592,968        | \$ 2,738,127        | \$ 2,066,520        | \$ 1,034,693        | \$ 2,919,475        | \$ 4,055,241         | \$ 3,886,892         | \$ 5,984,481         | \$ 11,351,127        | \$ 26,789,124        | \$ 2,976,569         |
| <b>Local Options</b>                                  | \$ 298,686          | \$ 678,807          | \$ 521,637          | \$ 648,764          | \$ 403,375          | \$ 955,894          | \$ 2,016,780         | \$ 1,928,831         | \$ 3,470,324         | \$ 5,602,614         | \$ 10,923,098        | \$ 1,213,678         |
| <b>Personal Property Tax Abatement</b>                | \$ 78,860           | \$ 132,352          | \$ 670,262          | \$ 1,156,768        | \$ 1,275,592        | \$ 1,442,238        | \$ 2,340,561         | \$ 3,122,697         | \$ 3,990,058         | \$ 5,700,050         | \$ 14,209,389        | \$ 1,578,821         |
| <b>Business Tax / Modified Business Tax Abatement</b> | \$ 179,000          | \$ 296,200          | \$ 239,720          | \$ 165,400          | \$ 153,400          | N/A                 | N/A                  | \$ 137,184           | \$ 250,635           | \$ 298,297           | \$ 1,421,539         | \$ 203,077           |
| <b>Total Estimate of All NCED Abatements Approved</b> | <b>\$ 4,441,271</b> | <b>\$ 7,774,992</b> | <b>\$ 8,472,518</b> | <b>\$ 7,284,839</b> | <b>\$ 4,493,006</b> | <b>\$ 9,905,353</b> | <b>\$ 14,785,103</b> | <b>\$ 15,183,578</b> | <b>\$ 23,099,684</b> | <b>\$ 40,789,573</b> | <b>\$ 95,440,344</b> | <b>\$ 10,604,483</b> |

**Table 9: Estimates for Sales and Use Tax Abatements, Personal Property Tax Abatements and Business/Modified Business Tax Abatements Actually Used by NCED Approved Businesses (FY 1999-FY 2008)**

|  | FY 1999             | FY 2000             | FY 2001             | FY 2002             | FY 2003             | FY 2004             | FY 2005             | FY 2006             | FY 2007             | FY 2008*            | FY 1999-FY 2007*     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
|  |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     | Total                | Average             |
| <b>Sales and Use Tax Abatement</b>                         | \$ 1,875,859        | \$ 2,482,743        | \$ 5,630,216        | \$ 2,730,820        | \$ 1,005,662        | \$ 2,717,309        | \$ 8,169,822        | \$ 8,365,237        | \$ 7,212,769        | N/A                 | \$ 40,190,437        | \$ 4,465,604        |
| <b>2.25% LSST</b>  | \$ 889,893          | \$ 1,113,620        | \$ 2,502,095        | \$ 1,208,643        | \$ 443,737          | \$ 1,303,156        | \$ 3,404,678        | \$ 3,437,248        | \$ 3,231,184        | N/A                 | \$ 17,534,254        | \$ 1,948,250        |
| <b>0.5% BCCRT</b>  | \$ 197,754          | \$ 247,471          | \$ 556,021          | \$ 268,587          | \$ 98,608           | \$ 289,590          | \$ 756,595          | \$ 763,833          | \$ 718,041          | N/A                 | \$ 3,896,501         | \$ 432,945          |
| <b>1.75% SCCRT</b>   | \$ 692,139          | \$ 866,149          | \$ 1,946,074        | \$ 940,056          | \$ 345,129          | \$ 1,013,566        | \$ 2,648,083        | \$ 2,673,415        | \$ 2,513,143        | N/A                 | \$ 13,637,753        | \$ 1,515,306        |
| <b>Local Options</b>                                       | \$ 96,073           | \$ 255,503          | \$ 626,027          | \$ 313,534          | \$ 118,188          | \$ 110,996          | \$ 1,360,467        | \$ 1,490,741        | \$ 750,400          | N/A                 | \$ 5,121,928         | \$ 569,103          |
| <b>Personal Property Tax Abatement</b>                     | \$ -                | \$ 4,465            | \$ 133,683          | \$ 232,185          | \$ 383,468          | \$ 457,638          | \$ 915,912          | \$ 1,181,701        | \$ 1,676,361        | \$ 1,878,696        | \$ 4,985,413         | \$ 553,935          |
| <b>Business Tax / Modified Business Tax Abatement</b>      | \$ 17,200           | \$ 66,800           | \$ 169,920          | \$ 108,000          | \$ 77,400           | N/A                 | N/A                 | \$ 45,304           | \$ 130,940          | \$ 130,940          | \$ 615,564           | \$ 87,938           |
| <b>Total Estimate of All NCED Abatements Actually Used</b> | <b>\$ 1,893,059</b> | <b>\$ 2,554,008</b> | <b>\$ 5,933,819</b> | <b>\$ 3,071,005</b> | <b>\$ 1,466,530</b> | <b>\$ 3,174,947</b> | <b>\$ 9,085,734</b> | <b>\$ 9,592,242</b> | <b>\$ 9,020,070</b> | <b>\$ 2,009,636</b> | <b>\$ 45,791,414</b> | <b>\$ 5,087,935</b> |

**Table 10: Estimated Percentage of Abatements Used Versus Abatements Approved for Sales and Use Tax Abatements, Personal Property Tax Abatements and Business/Modified Business Tax Abatements Approved by NCED (FY 1999-FY 2008)**

|   | FY 1999      | FY 2000      | FY 2001      | FY 2002      | FY 2003      | FY 2004      | FY 2005      | FY 2006      | FY 2007      | FY 2008*    | FY 1999-FY 2007* |            |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|------------------|------------|
|   |              |              |              |              |              |              |              |              |              |             | Total            | Average    |
| <b>Sales and Use Tax Abatement</b>                    | 44.8%        | 33.8%        | 74.4%        | 45.8%        | 32.8%        | 32.1%        | 65.6%        | 70.2%        | 38.2%        | N/A         | 50%              | 49%        |
| <b>2.25% LSST</b>                                     | 45.8%        | 33.4%        | 71.1%        | 45.5%        | 33.4%        | 34.7%        | 65.3%        | 68.8%        | 42.0%        | N/A         | 51%              | 49%        |
| <b>0.5% BCCRT</b>                                     | 45.8%        | 33.4%        | 71.1%        | 45.5%        | 33.4%        | 34.7%        | 65.3%        | 68.8%        | 42.0%        | N/A         | 51%              | 49%        |
| <b>1.75% SCCRT</b>                                    | 45.8%        | 33.4%        | 71.1%        | 45.5%        | 33.4%        | 34.7%        | 65.3%        | 68.8%        | 42.0%        | N/A         | 51%              | 49%        |
| <b>Local Options</b>                                  | 32.2%        | 37.6%        | 120.0%       | 48.3%        | 29.3%        | 11.6%        | 67.5%        | 77.3%        | 21.6%        | N/A         | 47%              | 49%        |
| <b>Personal Property Tax Abatement</b>                | 0.0%         | 3.4%         | 19.9%        | 20.1%        | 30.1%        | 31.7%        | 39.1%        | 37.8%        | 42.0%        | 33.0%       | 35%              | 25%        |
| <b>Business Tax / Modified Business Tax Abatement</b> | 9.6%         | 22.6%        | 70.9%        | 65.3%        | 50.5%        | N/A          | N/A          | 33.0%        | 52.2%        | 43.9%       | 43%              | 43%        |
| <b>Total All NCED Abatements</b>                      | <b>42.6%</b> | <b>32.8%</b> | <b>70.0%</b> | <b>42.2%</b> | <b>32.6%</b> | <b>32.1%</b> | <b>61.5%</b> | <b>63.2%</b> | <b>39.0%</b> | <b>4.9%</b> | <b>48%</b>       | <b>46%</b> |

Please see **Table 8 Notes**, **Table 9 Notes** and **Table 10 Notes** in Section IIJ for explanation of data, methodology and assumptions. Fiscal year tabulations are based on the fiscal year that abatements were approved (reference fiscal year) and DO NOT reflect actual amounts that may have occurred during that fiscal year.

\* In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the "Total" and "Average" calculations. While the summary data for the FY 2008 approvals is provided in the Table 8, comparable analysis against abatements used presented in Table 9 could not be made given that many of these businesses had not yet reported information to the Department of Taxation. The FY 2008 data included in Table 9 (actual amounts used) reflect abatements based on approvals in previous years.

Note: Since the estimates of real property tax abatements approved was not calculated by the Fiscal Analysis Division and a comparison of amounts approved versus amounts used is not provided, the data for real property tax abatements presented in Table 5 is not included in Tables 8-10.

## **J. Table Notes for Section II-I**

### Table 1 Notes

The data presented in Table 1 is based on good-faith information obtained from the applications submitted by individual businesses to NCED. Table 1 represents all businesses that were approved for sales and use tax abatements (and other abatements if applicable) during each fiscal year. However, it is important to note that these businesses may or may not actually use the abatements approved, based on the following possible scenarios:

1. Business may choose not to locate or expand in Nevada.
2. Business may choose to locate or expand in Nevada but decide not to execute the abatement agreement. Reasons could include not wanting to be bound by the terms of the abatement agreement or changes to its business plan such that the business would no longer be able to meet the terms of the abatement agreement.
3. Business may not use the entire amount of the abatements approved.
4. An audit performed by the Department of Taxation could reveal that the business failed to maintain the requirements established by the abatement agreement, and thus would be required to repay all abatements used.

The tabulations presented by fiscal year represent the number of businesses approved and the amount of abatements that were approved during each fiscal year. The summary calculations regarding the number of jobs, wages, capital investment and value of equipment are reported as stated in the applications approved during each fiscal year. The "Sales and Use Taxes Expected to be Paid" represents only the state two-percent sales and use tax and is based on the assumption that all businesses actually locate or expand in Nevada and make all purchases of equipment approved.

Beginning in FY 2003, NCED modified its reporting of "Total Capital Investment" to reflect the total amount of new investment reported by the company rather than just the amount of investment related to equipment that would be eligible for the sales and use tax abatement. This is an informational item and includes equipment eligible for the sales and use tax abatement, as well as purchases of land or buildings, tenant improvements, construction costs and purchases of additional equipment that is not eligible for the sales and use tax abatement.

In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the Total and Average calculations. While the summary data for the FY 2008 approvals is provided in the table, comparable statistics against abatements used cannot be made because it is not known if these businesses will actually participate in the abatement program.

### Table 2 Notes

The data presented in Table 2 is based on information compiled by the Department of Taxation and represents businesses that reported making purchases of equipment and submitted sales and use tax abatement claims to the department. The department maintains information regarding the cumulative amount of purchases made and sales and use tax abatements that have actually been taken by each business approved by NCED. However, the amounts reported by the department do not indicate the fiscal year in which the actual purchases or sales and use tax abatements may have occurred. Thus, the information provided by the department and in Table 2 provides a comparison of the actual abatements used by businesses to the amount of abatements approved by NCED based on the fiscal year that the abatements were approved (reference fiscal year). The tabulations provided do not reflect the amount of actual sales and use tax abatements that were taken by businesses on a fiscal year by fiscal year basis.

The data provided in the Total and Average columns reflects calculations for FY 1999 to FY 2007. Values for FY 2008 are shown as N/A because it is not known if these businesses will actually participate in the abatement program.

Businesses are allowed a period of up to 18 months following approval before they are required to begin using the sales and use tax abatement and report information to the Department of Taxation. Businesses may also report purchases of equipment to the Department of Taxation for up to two years after they begin using the sales and use tax abatement. Due to the timeframe allowed for businesses to begin participating in the abatement program, the statistics reported for FY 2006 or FY 2007 may not reflect all business activity that could still occur based on approvals in those fiscal years.

### Table 3 Notes

The data presented in Table 3 is based on information compiled by NCED and represents all businesses approved for personal property abatements from FY 1999 to FY 2008. In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the Total and Average calculations. While the summary data for the FY 2008 approvals is provided in the table, comparable statistics against abatements used cannot be made because it is not known if these businesses will actually participate in the abatement program.

The *Estimate of Maximum Personal Property Tax Abatements* is based on the value of equipment approved for the sales and use tax abatement, as well as the personal property tax abatement. These estimates are based on the assumption that all equipment approved for the sales and use tax abatement and personal property tax abatement is actually purchased during the fiscal year that the abatements were approved (reference fiscal year) and are claimed for the full term of the personal property tax abatement (50 percent for ten years). Due to the nature of specific equipment, separate depreciation schedules of such equipment and the possible differences in valuation practices, these values are estimates only and should only be

considered as a guideline for comparison purposes. The methodologies employed here were developed by NCED and are the same as those used in Nevada assessment law. No consideration for inflation, cost of funds, or future value of funds has been taken into consideration.

Since the *Estimate of Maximum Personal Property Tax Abatements* is based on businesses that were approved for locations across the state, in multiple counties and tax districts, the Fiscal Analysis Division used the average statewide property tax rate applied to the NCED developed methodology to develop the estimates of personal property taxes and abatements for each fiscal year.

For the *Estimate of Maximum Personal Property Tax Abatements*, the fiscal years shown by row represent the fiscal year that abatements were approved (reference fiscal year). The fiscal years shown by column represent estimates of the cumulative effect of abatements approved in the current and all previous reference fiscal years. It is important to note that the personal property tax abatements approved may remain active for up to ten years and will be taken in future years beyond FY 2008. Considerations for abatements that may be taken beyond FY 2008 have been excluded from these calculations in an effort to provide comparable statistics against abatements used, which cannot be determined for future years.

#### Table 4 Notes

The data presented in Table 4 is based on information obtained from county assessors and treasurers and represents the number of businesses and the amount of personal property tax abatements actually received in each fiscal year during FY 1999 to FY 2008. Since the estimates of abatements approved (provided in Table 3) were compiled to reflect the cumulative amount of abatements that could occur in each fiscal year, statistical comparisons could be made against the actual amount of abatements used (provided in Table 4) for each fiscal year, except FY 2008. The data for businesses approved in FY 2008 that received abatements is shown as N/A because it is not yet known if these businesses will actually participate in the abatement program.

The FY 2008 data included in Table 4 reflects abatements used based on approvals in previous years. However, at the time of this report, information was not available for some businesses for the FY 2008 period. Therefore, the FY 2008 data is not included in the Total and Average calculations in order to provide comparable statistics.

#### Table 5 Notes

The data presented in Table 5 is based on information obtained from county assessors and treasurers and represents the number of businesses and the amount of real property tax abatements actually received in each fiscal year during FY 1999 to FY 2008. The data for businesses approved in FY 2008 that received abatements is provided in Table 5 because those businesses were reported by the county assessors and treasurers and were participating in the abatement program.

The comparison against estimates of the maximum amount of abatements approved is not provided for the data presented in Table 5. Given the complex nature of real property valuation, combined with the difficulty in estimating the abatements with regard to the provisions of A.B. 489 passed by the 2005 Nevada Legislature, the Fiscal Analysis Division did not attempt to estimate the maximum amount of real property tax abatements approved by NCED during FY 1999 to FY 2008.

Since complete FY 2008 data was available for the information presented in Table 5 and statistical comparisons against abatements approved is not provided, the FY 2008 data is included in the Total and Average calculations for Table 5 only. The data from Table 5 is not included in the summary information provided in Tables 8, 9 and 10.

#### Table 6 Notes

The data presented in Table 6 is based on information compiled by NCED and represents all businesses approved for the Business License Tax Abatement and the Modified Business Tax Abatement from FY 1999 to FY 2008. In order to provide comparable statistics for abatements approved versus abatements used based on the fiscal year that each business was approved (reference fiscal year), the businesses approved in FY 2008 are not included in the Total and Average calculations. While the summary data for the FY 2008 approvals is provided in the table, comparable statistics against abatements used cannot be made because it is not known if these businesses will actually participate in the abatement program.

The *Estimate of Maximum Business Tax and Modified Business Tax Abatements Approved* is based on the total amount of business tax abatements approved from FY 1999 to FY 2003 and the total wages required for the Modified Business Tax abatements approved from FY 2006 to FY 2008. These estimates are based on the assumption that all business tax abatements are actually taken during the fiscal year that the abatements were approved (reference fiscal year) and that the Modified Business Tax abatements are claimed for the full term of the Modified Business Tax abatement (50 percent for four years) beginning in the fiscal year approved (reference fiscal year).

For the *Estimate of Maximum Business Tax and Modified Business Tax Abatements Approved*, the fiscal years shown by row represent the fiscal year that abatements were approved (reference fiscal year). The fiscal years shown by column represent estimates of the cumulative effect of abatements approved in the current and all previous reference fiscal years. The FY 2008 data included in Table 6 reflects the estimates of abatements based on approvals in previous years. It is important to note that the Modified Business Tax abatements approved in FY 2008 and in prior fiscal years back to FY 2006 may remain active for a total of four years. Considerations for abatements that may be taken beyond FY 2008 have been excluded from these calculations in an effort to provide comparable statistics against abatements used, which cannot be determined for future years.

### Table 7 Notes

The data presented in Table 7 is based on information compiled by NCED and the Department of Taxation and represents all businesses actually using the Business License Tax abatement and the Modified Business Tax abatement. Specific reports to quantify the amount of business tax and Modified Business Tax abatements used by businesses approved by NCED were not available at the time of this report. Thus, the data provided in Table 7 represents estimates developed by the Fiscal Analysis Division.

The data provided in the first set of Total and Average columns reflects calculations for FY 1999 to FY 2007. Values for FY 2008 are shown as N/A because it is not known if these businesses will actually participate in the abatement program.

The *Estimate of Business Tax and Modified Business Tax Abatements Actually Used* is based on the number of employees reported and wages reported for those businesses participating in the abatement program during FY 1999 to FY 2008. These estimates are based on the assumption that all business tax abatements are actually taken during the fiscal year that the abatements were approved (reference fiscal year) and that the Modified Business Tax abatements are claimed for the full term of the Modified Business Tax abatement (50 percent for four years) beginning in the fiscal year approved (reference fiscal year).

For the *Estimate of Business Tax and Modified Business Tax Abatements Actually Used*, the fiscal years shown by row represent the fiscal year that abatements were approved (reference fiscal year). The fiscal years shown by column represent estimates of the cumulative effect of abatements approved in the current and all previous reference fiscal years.

Since the estimates of abatements approved (provided in Table 6) were compiled to reflect the cumulative amount of abatements that could occur in each fiscal year, statistical comparisons can be made against the estimated amount of abatements used (provided in Table 7) for each fiscal year, except FY 2008. The row value for approvals in FY 2008 approvals is shown as N/A because it is not known if businesses approved in FY 2008 will actually participate in the abatement program. The FY 2008 data included in Table 7 reflects abatements used based on approvals in previous years. The second set of Total and Average columns reflects calculations for FY 1999 to FY 2007 in order to provide comparable statistics for each fiscal year.

### Tables 8 Notes

Table 8 is a summary table of the data presented in Tables 1, 3 and 4 and represents estimates of the maximum amount of sales and use tax abatements, personal property tax abatements and business/Modified Business Tax abatements approved by NCED during FY 1999 to FY 2007. See Table 1, 3 and 4 Notes for additional information.

### Tables 9 Notes

Table 9 is a summary table of the data presented in Tables 2, 4 and 7 and represents estimates of the amount of abatements actually used for sales and use tax abatements, personal property tax abatements and business/Modified Business Tax abatements approved by NCED during FY 1999 to FY 2007. See Table 2, 4 and 7 Notes for additional information.

### Table 10 Notes

Table 10 is a summary table derived from the data presented in Tables 8 and 9 and represents the estimated percentage of abatements used versus abatements approved by NCED during FY 1999 to FY 2007. See Table 8 and 9 Notes for additional information.

## **K. End Notes for Section II**

<sup>(1)</sup> *Nevada Revised Statutes* 360.750 specifically authorizes the partial abatement of sales and use taxes applicable under Chapter 374 of NRS (Local School Support Tax – 2.25 percent). Based on the statutory structure established for the sales and use taxes, unless specifically authorized otherwise in statute or a special act, statutory provisions applicable to NRS Chapter 374 are also applicable to the other local sales and use taxes imposed pursuant to NRS Chapters 377, 377A, 377B, and authorized pursuant to a special act. Therefore, although they are not specifically cited, the partial abatements authorized in NRS 360.750 for Chapter 374 also apply to: Chapter 377 – (Basic City/County Relief Tax (BCCRT) – 0.5 percent) and (Supplemental City/County Relief Tax (SCCRT) – 1.75 percent), Chapter 377A – local option sales and use taxes for special miscellaneous purposes, Chapter 377B – local option sales and use tax for infrastructure, and any other local sales and use tax rates imposed under special acts. The partial abatement of sales and use taxes established in NRS 360.750 does not apply to the state two-percent tax rate imposed pursuant to NRS Chapter 372.

### III. GREEN BUILDING TAX ABATEMENTS

#### Background

“Green building” is a field that uses environmentally sustainable materials to construct buildings that conserve resources and provide a healthy living and working space. Elements of green building include energy efficiency and the use of renewable energy, water efficiency, building materials that have a minimal effect on the environment, reduction of waste, and the design and operation of buildings that are healthy for the occupants of such buildings.

Tax abatements for green buildings in Nevada were first established with the passage of A.B. 3 in 2005 during the 22<sup>nd</sup> Special Session of the Nevada Legislature. The 2007 Nevada Legislature enacted several changes to the original provisions of A.B. 3 through the passage of A.B. 621. In order to understand how green building tax abatements were being used as of 2008, this discussion will first provide an overview of the provisions included in A.B. 3, along with the regulations that were adopted following its passage. Information about A.B. 621 is then presented in the context of how the A.B. 621 provisions differ from the original A.B. 3 provisions.

The applicable provisions and types of abatements available for various green building projects will differ based on the timing of each project with respect to the eligibility dates established within A.B. 3 and A.B. 621 and the associated regulations.

#### Assembly Bill 3 (22nd Special Session - 2005)

Section 11 of A.B. 3 provided an amendment to NRS Chapter 701 requiring the Director of the Nevada State Office of Energy (NSOE) to adopt a green building rating system, such as the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, or its equivalent, for the purposes of determining eligibility for tax abatements or tax exemptions with regard to buildings or structures that are not public buildings or structures. In June 2006, NSOE adopted regulation R025-06 as NAC 701.460, which stipulated that the LEED Green Building Rating System would be used for the purposes of determining eligibility for tax abatements or tax exemptions in Nevada.

Section 7 of A.B. 3 provided an amendment to NRS 374.307 and established a partial exemption from the sales and use taxes imposed by NRS Chapter 374 (exemption applies to LSST, BCCRT, SCCRT and local option taxes) for the products or materials used in the construction of green buildings that, when complete, meet the requirements to be certified at the silver level or higher, in accordance with the LEED Green Building Rating System as adopted by the NSOE. This exemption does not apply to the state two-percent sales and use tax rate imposed by NRS Chapter 372. Pursuant to Sections 33 and 42 of A.B. 3, the effective dates for this exemption began on October 1, 2005 and were set to expire on December 31, 2005. However, based on a Nevada Department of Taxation letter dated December 23, 2005, which was later approved by the Nevada Tax Commission on January 9, 2006, the following procedure was established for the purpose of administering the provisions of Section 7 of A.B. 3:

If a contract for the construction of a qualifying project is executed on or before December 31, 2005, the Department (of Taxation) will recognize the exemption for products and materials purchased after December 31, 2005, provided that the products and materials were used in the construction of the project. (See attached letter on page 71 for complete details.)

Section 6 of A.B. 3 provided for a new section to be added to NRS Chapter 361 allowing the Nevada Commission on Economic Development (NCED) to grant a partial abatement of the real property taxes imposed by NRS Chapter 361 for property which has a building or other structure certified at the silver level or higher in accordance with the LEED Green Building Rating System as adopted by the NSOE. This provision of A.B. 3 allowed for an abatement of up to 50 percent of the taxes on real property (land and buildings) payable each year for up to ten years. Section 6 of A.B. 3 also required NCED to develop regulations to establish the qualifications and methods used to determine eligibility for the abatement. In September 2006, NCED adopted regulation R220-05 as NAC 361.620 and established the following guidelines to determine the amount of real property tax abatement based on the various levels of LEED Green Building Rating System points achieved.

| LEED LEVEL    | LEED-NC<br>(NEW CONSTRUCTION)<br>POINTS | LEED-EB<br>(EXISTING BUILDINGS)<br>POINTS | TERM OF<br>ABATEMENT | AMOUNT OF<br>ABATEMENT |
|---------------|---|---|----------------------|------------------------|
| <b>SILVER</b> | 33 to 36                                | 40 to 45                                  | 10 years             | 35 to 42 percent       |
|               |   |   | 5 to 7 years         | 50 percent             |
|               | 37 or 38                                | 46 or 47                                  | 10 years             | 43 to 48 percent       |
|               |   |   | 8 or 9 years         | 50 percent             |
| <b>GOLD</b>   | 39 or more                              | 48 or more                                | 10 years             | 49 or 50 percent       |

Under the provisions of A.B. 3 and regulations adopted by NSOE, NCED and the Department of Taxation, NCED served as the primary agency for the purpose of processing applications and administration of the green building tax abatements through a process similar to that used for administration of traditional economic development abatements.

Assembly Bill 621 Provisions

Due to the unanticipated fiscal impact of the A.B. 3 provisions on both state and local government revenues, combined with the lack of clear administrative protocols that evolved through regulations and procedures adopted by multiple agencies (NSOE, NCED and Department of Taxation), the 2007 Legislature passed A.B. 621 in an effort to address these issues.

Section 2 of A.B. 621 provided for modifications to the green building rating system adopted by NSOE for the purposes of determining eligibility for tax abatements or exemptions. The original A.B. 3 provisions required NSOE to establish the green rating

system through regulations and only provided general guidance with regard to the use of the LEED standard or its equivalent standard. Under the A.B. 621 provisions, the green building rating system that must be adopted by NSOE was clearly defined within the bill and stipulated that the rating system must be identical to the LEED standards, except:

1. It must not include any standard that has not been included in the LEED system for at least two years.
2. It must not include standards for homes (a building or other structure for which the principal use is as a residential dwelling for not more than four families).
3. It must provide reasonable exceptions based on the size of the area occupied by the building or other structure.
4. It must require a building or other structure to obtain:
  - a. At least 3 points of credit for energy conservation to meet the equivalent of the silver level.
  - b. At least 5 points of credit for energy conservation to meet the equivalent of the gold level.
  - c. At least 8 points of credit for energy conservation to meet the equivalent of the platinum level.

Section 3 of A.B. 621 provided several modifications to how the partial abatement of real property taxes imposed pursuant to NRS Chapter 361 would be administered. The original A.B. 3 provisions required NCED to grant a partial abatement of the real property taxes imposed by NRS Chapter 361, which included both the land and buildings or other structures that meet the LEED standards adopted by NSOE. The A.B. 621 provisions changed the statutory authority for the agency that would grant the partial abatement, moving that authority from NCED to the Director of the Department of Taxation.

Provisions within A.B. 621 also reduced the amount of the partial abatement of real property taxes that was originally authorized by A.B. 3. Section 3 of A.B. 621 contains provisions that: 1) exclude the value of land from being eligible for the partial abatement of real property taxes imposed pursuant to NRS Chapter 361, and 2) reduces the percentage allowed for the partial abatement of real property taxes imposed by NRS Chapter 361 from a maximum of 50 percent (originally applicable to land and buildings under A.B. 3) to a maximum of 35 percent (applicable to buildings only), other than any taxes imposed for public education.

The term “taxes imposed for public education” means:

1. Any ad valorem tax authorized or required by Chapter 387 of NRS.
2. Any ad valorem tax authorized or required by Chapter 350 of NRS for the obligations of a school district, including, without limitation, any ad valorem tax necessary to carry out the provisions of subsection 5 of NRS 350.020.
3. Any other ad valorem tax for which the proceeds thereof are dedicated to the public education of pupils in kindergarten through grade 12.

The following table provides a summary of the differences between A.B. 3 and A.B. 621 with regard to the applicable components and tax rates eligible for the real property tax abatements.

| <b>Provisions for Real Property Tax Abatements for Green Buildings</b> | <b>A.B. 3</b>                  | <b>A.B. 621</b>                         |
|--|--------------------------------|---|
| Type of Real Property Eligible for Abatement                           | Land and Buildings             | Buildings Only                          |
| Amount of Abatement Applicable to Real Property                        | Up to 50% Based on LEED Points | Up to 35% Based on Certification Earned |
| Property Taxes Imposed for the Benefit of K-12 Education               | Eligible for Abatement         | Not Eligible for Abatement              |

Under A.B. 621, the specific amounts for the partial abatement of real property taxes based on the level of LEED standards achieved were clearly established within the bill, rather than being established through regulations as had been the case under A.B. 3. Section 3 of A.B. 621 stipulates that the partial abatement must be for a duration of not more than ten years and in an annual amount that equals, for a building or other structure that meets the equivalent of:

1. The silver level, 25 percent of the portion of the taxes imposed pursuant to Chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be payable for the building or other structure, excluding the associated land;
2. The gold level, 30 percent of the portion of the taxes imposed pursuant to Chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be payable for the building or other structure, excluding the associated land; or
3. The platinum level, 35 percent of the portion of the taxes imposed pursuant to Chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be payable for the building or other structure, excluding the associated land.

Sections 3 and 14 of A.B. 621 required NSOE and the Department of Taxation to adopt regulations with regard to qualifications and methods to determine eligibility for the partial abatement of property taxes, documentation required to determine eligibility and any other regulations necessary to carry out the provisions of A.B. 621. Section 14 of A.B. 621 also required NSOE to develop expedited procedures necessary to carry out provisions of Section 3 of A.B. 621, which allow for consideration of applications filed with NCED for the partial abatement of property taxes pursuant to the original provisions of A.B. 3.

Section 15 of A.B. 621 provided specific dates and conditions for which the sales tax exemption and property tax abatements would apply pursuant to the provisions of A.B. 3 and the procedure document issued by the Department of Taxation.

1. The building must be constructed pursuant to a preconstruction or construction contract executed on or before December 31, 2005, and as part of a construction project registered with the Office of Energy for the purpose of obtaining that tax exemption.
2. An opinion letter must have been issued by the Department of Taxation before February 1, 2007, stating that the project will qualify for a partial sales and use tax exemption under Assembly Bill No. 3 (Special Session 2005) if certain conditions are met.
3. The project is certified at or meets the equivalent of the silver level or higher by an independent contractor authorized to grant such certification in accordance with the Green Building Rating System adopted by the Director of the Office of Energy pursuant to the former provisions of NRS 701.217.

Assembly Bill 621 also stipulated that the sales tax exemption would apply to products and materials purchased on or after October 1, 2005, and on or before December 31, 2010.

Based on information received from the Department of Taxation, the following projects received a favorable opinion letter for the LEED sales tax exemption from the department:

1. MGM Mirage – CityCenter Project
2. Fontainebleau
3. Venetian Lido Project
4. Molasky Corporate Center
5. Boyd Gaming – Echelon Project
6. Edge Star Partners – The W Las Vegas Project
7. Hallier Properties – Panorama Towers Project

Note: Additional information from the Department of Taxation indicates that The W Las Vegas Project has been cancelled and will not receive the sales tax exemption. Panorama Towers has indicated that it will not seek the sales tax exemption and has not done so.

Green Building Sales and Use Tax Exemptions Used

The amount of green building sales and use tax exemptions used is compiled by the Department of Taxation based on the monthly tax returns filed by authorized businesses associated with each of the participating projects as they remit payment for the state two-percent sales and use tax imposed by Chapter 372 of NRS, which is not exempt. The table below was prepared by the Fiscal Analysis Division based on information provided by the Department of Taxation.

| <b>Fiscal Year 2008<br/>LEED Sales and Use Tax Exemptions<br/>Used by Tax Rate</b> |                             |
|--|-----------------------------|
| <b>Tax Rate</b>  | <b>LEED Exemptions Used</b> |
| LSST   | \$ 22,362,063               |
| BCCRT  | \$ 4,969,347                |
| SCCRT  | \$ 17,391,716               |
| Local Options  | \$ 12,423,369               |
| <b>Total</b>   | <b>\$ 57,146,495</b>        |



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December 23, 2005

To: Construction Contractors and Real Estate Developers

From: Charles E. Chinnock, Executive Director

Subject: Section 7 of A.B. 3 (2005 Special Session)  
Exemption for LEED Certified Buildings

The purpose of this memorandum is to detail the manner in which the Department of Taxation ("Department") proposes to implement and administer the partial sales and use tax exemption set forth at Section 7 of A.B. 3 (2005 Special Session). Section 7 of A.B. 3 amends NRS 374.307 to partially exempt products and materials used in the construction of a building which, when complete, will meet the requirements to be certified at the silver level or higher in accordance with the Leadership in Energy and Environmental Design ("LEED") Green Building Rating System. The exemption is effective from October 1, 2005, through December 31, 2005. If a contract for the construction of a qualifying project is executed on or before December 31, 2005, the Department will recognize the exemption for products and materials purchased after December 31, 2005, provided that the products and materials were used in the construction of the project. Subject to the approval of the Nevada Tax Commission, there are two methods by which a contractor or developer may avail himself of the exemption.

- (1) Once a project has obtained a LEED certification from the U.S. Green Building Council, any contractor or developer who has paid sales and/or use tax on the products and materials used in the construction of the project may submit a claim for credit or refund pursuant to NRS 374.635 to 374.655, inclusive. If necessary, the developer or contractor may submit the claim prior to the LEED certification in order to prevent the claim from being time-barred as outside the 3-year period of limitations set forth at NRS 374.640. If the period of limitations is an issue, the Department will hold the claim in abeyance pending the LEED certification.
- (2) Alternatively, if a project has not yet obtained a LEED certification, the prime contractor or the developer for the project may apply to the Director of the Office of Energy (the "Director") for written confirmation that the project has been designed to all applicable LEED requirements and specifications and that, when complete, the project will likely meet or exceed the LEED silver standard. If the Director issues such a confirmation, the Department may authorize either the developer or the prime contractor (hereinafter the "project representative") to purchase products and materials for the project using a deferral certificate, which will be comparable in form and substance to a resale certificate.

If the Department authorizes the project representative to purchase products and materials using a deferral certificate, the project representative will be required, in the ordinary course of business, to report and remit use tax at the rate of 2% on all tangible personal property purchased for use on the project. This is because the use tax deferral will apply to the local portion of the

sales and use tax only. *See* chapters 374 and 377 of NRS. The state portion of the tax (2%), codified at chapter 372 of NRS, is fully applicable unless the project is otherwise exempt pursuant to the provisions of NRS 372.260 to 372.350, inclusive. The state portion of the tax will be reported and remitted on a quarterly basis relative to the quarter in which tangible personal property is delivered to the project site.

With respect to the local portion of the tax, the project representative may be permitted to defer payment of the tax until such time as the project either obtains or is denied the required LEED certification. If the project obtains the certification, the materials and products used in the construction of the project will be deemed exempt from the local portion of the tax. If the project is denied the certification, the local portion of the use tax will be assessed at that time, together with interest thereon at the statutory rate of 1% per month. *See* NRS 360.295. Further, as a condition of the deferral, the Department may require the project representative to execute a waiver consenting to toll the 3-year period of limitations within which the Department would otherwise be required to issue a deficiency determination for any tax determined to be due on the project. *See* NRS 360.355.

Furthermore, if a subcontractor purchases products or materials under the project representative's deferral certificate, the subcontractor will be jointly and severally liable with the project representative for any use tax that is due for the project as indicated above. To facilitate an arrangement whereby the project representative contractually assumes the responsibility for reporting and remitting all use tax associated with the project, the project representative may wish to execute indemnification agreements with the subcontractors. Although such an indemnification agreement would not impact the Department's right to assess use tax against a subcontractor, it could alleviate a subcontractor's potential concerns about delegating tax reporting and compliance functions to the project representative.

Except as indicated above, the Department will not authorize a developer or contractor to defer the imposition of sales tax when purchasing materials or products that have already been earmarked for use on a specified construction project. Under ordinary circumstances, it is not permissible for a person to tender a resale certificate when purchasing tangible personal property unless that person is engaged in the business of selling tangible personal property and intends to sell the property in the ordinary course of business or is unable to ascertain at the time of purchase whether the property will be sold or will be used for some other purpose. *See* NRS 372.160. *See also* NAC 372.210. The Department proposes to issue deferral certificates for the limited purpose of implementing and administering the provisions of section 7 of A.B. 3 as detailed above.

Please be advised that the foregoing proposal is subject to the approval of the Nevada Tax Commission. The Commission will review the proposal at its public meeting on January 9, 2006, to be held at the Nevada Legislative Building, 401 S Carson Street, Room 3138, Carson City, Nevada, and by videoconference at the Legislative Counsel Bureau, Grant Sawyer State Office Building, 555 E Washington Avenue, Room 4401, Las Vegas, Nevada. Interested persons should consult the meeting agenda for additional details concerning the order of events. The agenda will be posted on the Department's web site at [www.tax.state.nv.us](http://www.tax.state.nv.us).

#### IV. SALES AND USE TAX EXEMPTIONS

Prior to Nevada's participation in the Streamlined Sales and Use Tax Agreement (SSUTA), certain exemptions may have only been applicable to the state two-percent rate (governed by the Sales and Use Tax Act of 1955 and NRS Chapter 372) or to the other sales and use tax rates imposed in NRS Chapter 374 (Local School Support Tax), NRS 377 (Basic and Supplemental City/County Relief Tax), Chapters 377A and 377B (various statutory local option rates), and those imposed under various local acts. This means that a specific exemption may be granted from the school district and local government rates, but would not apply to the state two-percent sales and use tax rate. It was also possible that an exemption may apply to the state two-percent rate, but not the school district and local government rates. This situation could occur because the Legislature could provide exemptions from the school district and local government rates through the approval of legislation, but exemptions from the state two-percent rate could only be granted after approval by voters because of constitutional provisions governing the Sales and Use Tax Act approved by voters in the 1956 General Election.

Given Nevada is currently a member of the SSUTA, exemptions must apply to all state and local rates imposed in the state to remain in compliance with the provisions of the SSUTA. Thus, exemptions that currently exist in statute apply to all rates, so the exemptions granted from the state rate as authorized in NRS Chapter 372 are identical to the exemptions granted from the school district and local rates as authorized in NRS Chapter 374.

The list of exemptions granted from sales and use taxes is provided in Appendix A, but the following provides a brief overview of the exemptions. The Fiscal Analysis Division did not prepare estimates of the revenue not collected due to these exemptions, as information that is needed to perform the analysis is limited or does not exist. Given the transactions are exempt, no information on taxable sales or tax collections is reported to the Department of Taxation for the items exempted from the sales and use taxes in Nevada.

There are exemptions from the sales and use tax for items that are prohibited by state or federal constitution or federal statute (Number 2-Appendix A). There is also an exemption granted to the gross receipts from the sale of tangible personal property to the U.S., the state, and its political subdivisions (Number 20).

There are several exemptions granted to items that were most likely approved to provide direct benefit to the citizens of Nevada as consumers of particular goods versus providing benefit to a specific group of individuals or businesses. For instance, the following tangible personal property is exempt from the sales and use tax:

1. Fuel used to propel motor vehicles (Number 4).
2. Animals and plants intended for human consumption and feed and fertilizer (Number 5).

3. Certain medical supplies and medicines (includes prescription drugs) (Number 7).
4. Food for human consumption (which is constitutionally prohibited) (Number 8).
5. Gas, electricity, and water (Number 12).
6. Domestic fuels (Number 13).
7. Newspapers (Number 16).
8. Manufactured homes and mobile homes (Number 17).
9. Occasional sales of tangible personal property (Number 19).
10. Amount of used vehicle trade-in allowance provided against the purchase price of another vehicle (approved by voters in the 2006 General Election) (Number 1).

Although it potentially benefits a specific subset of the citizens of Nevada, the voters of Nevada approved an exemption for farm machinery and equipment (Number 6) at the 2006 General Election.

Additionally, some exemptions provide benefit to individuals for education-related items, such as:

1. Food sold to students and teachers by schools or organizations of students, parents, or teachers (Number 9).
2. Textbooks sold within the Nevada System of Higher Education (Number 10).

Some of the exemptions provided from the state and local sales and use taxes are related to charitable, religious, or other similar activities or organizations, such as:

1. Tangible personal property sold by or to a nonprofit organization created for religious, charitable or education purposes (Number 21).
2. Tangible personal property loaned or donated to U.S., state, political subdivisions of the U.S. and state, and religious or eleemosynary organizations (Number 22).
3. Gross receipts from the sale and use of tangible personal property by a governmental, religious, or charitable entity by a contractor who is a constituent part of a governmental, religious, or charitable entity (Number 25).

The gross receipts from the sale or use of the proceeds of mines that are subject to the net proceeds of mineral tax (Number 3) are exempt based on the provisions set forth in Section 5 of Article 10 of the Nevada Constitution.

The exemption contained in NRS 372.317 for aircraft and major components of aircraft is not enforceable by the Department of Taxation due to commerce clause provisions of the U.S. Constitution (Number 18).

There are a couple of additional exemptions provided from the sales and use tax for:

1. Containers (Number 11).
2. Common carriers (Number 12).
3. Property shipped outside the state (Number 24).

Finally, although they are not strictly exemptions from the sales and use tax, the following items (listed in Number 1) are not considered gross revenue subject to the sales tax:

1. Cash discounts allowed or taken on sales.
2. Price received for labor or services used in installing or applying the property sold.
3. Amount of any tax imposed by the U.S. government upon retail sale, exclusive of excise taxes upon manufacturers or importers.
4. Sale price of property returned by customers when the full sale price is refunded either in cash or credit, unless the customer must purchase other property at a price greater than the amount charged for the property returned in order to obtain a full refund.



## V. PROPERTY TAX EXEMPTIONS

### Introduction

The state's property tax system is governed by NRS Chapter 361 with regard to establishing the taxable value of real and personal property to which state and local operating and debt tax rates are levied to determine the property tax bill after the application of all applicable abatements authorized in statute.

### Taxable Value and Assessed Value

The term "assessed value" is established in NRS 361.225, which states that all property subject to the property tax must be assessed at 35 percent of taxable value.

Taxable value is determined by a county assessor using the provisions set forth in NRS 361.227. The taxable value of real property is the sum of the value of the land and the improvements to the land. Vacant land is required to be based on the full cash value of land by considering the uses to which it may be lawfully put, any legal or physical restrictions upon those uses, the character of the terrain, and the uses of other land in the vicinity. Improved land is required to be based on the full cash value of the land that is consistent with the use to which the improvements are being put.

"Full cash value" is defined in NRS 361.025 as the most probable price which property would bring in a competitive and open market under all conditions requisite to a fair sale.

The taxable value of any improvements made on the land shall be based on the replacement cost of the improvements less all applicable depreciation and obsolescence. Depreciation of the improvements to the land must be calculated at 1.5 percent of the replacement cost for each year of adjusted actual age of improvement, up to a maximum of 50 years. Thus, the improvements to land can be depreciated down to a residual value equal to 25 percent of the replacement cost of the improvements.

Personal property, except mobile or manufactured homes, must be based on the replacement cost of the personal property less all applicable depreciation and obsolescence. Depreciation on personal property is the same as that provided on real property based on 1.5 percent of replacement cost, up to a maximum of 50 years.

The computed taxable value of any property (real or personal) cannot exceed its full cash value, and the value of the property must be reduced, if necessary, to comply with this statutory requirement. The following may be considered to determine whether taxable value exceeds full cash value or whether obsolescence is a factor in the valuation:

1. Comparative sales, based on prices actually paid in market transactions.
2. A summation of the estimated full cash value of the land and contributory value of the improvements.
3. Capitalization of the fair economic income expectancy or fair economic rent, or an analysis of the discounted cash flow.

These provisions for determining the taxable value of real and personal property do not apply to property centrally assessed by the Department of Taxation and the Nevada Tax Commission, pursuant to NRS 361.320.

#### Computation of the Property Tax Bill

The property tax bill on real and personal property is a product of the assessed value (35 percent of taxable value) of the property and the combined property tax rate for the tax district in which the property is located. The combined property tax rate can consist of the following levies: state debt rate; the school district operating and debt rates; the county operating and debt rates; city operating and debt rates; legislatively-approved rates; voter-approved rates; and special district tax rates.

The 2005 Legislature approved property tax relief through the form of a partial abatement of the property tax bill on real and personal property, such that the property tax bill cannot increase by more than three percent over the prior year's tax bill for eligible single-family owner-occupied residences or qualifying residential rental properties.

Eligible Single Family Owner-Occupied Residence is the primary residence of the owner, which is defined as being the residence designated as the primary residence of the owner, exclusive of any other residence of the owner within the state, and is not rented or leased for exclusive occupancy by any person other than the owner and members of his or her family.

Qualifying Residential Rental Properties are residential rental dwellings that qualify as low-income housing under the standards of the U.S. Department of Housing and Urban Development (HUD), and the amount of rent collected from each tenant of the residential dwelling cannot exceed the fair market rent of the county in which the dwelling is located, as established by HUD.

All other property that does not qualify for the partial abatement provided to owners of eligible single-family owner-occupied residences or qualifying residential rental properties is provided an alternative partial abatement of taxes, based on the following formula.

The first part of the formula is the greater of:

1. The average percentage change in the assessed value of all taxable property within that county over the past ten years (the fiscal year in which the levy is made and the nine fiscal years immediately preceding that year);
2. Twice the percent change in the Consumer Price Index (U.S. City Average, All Items, All Urban Consumers) for the prior calendar year; or
3. Zero.

The percentage used to determine the limit of increase is the result obtained from the first part of the formula or eight percent, whichever is less. Thus, the tax bill for all other property not qualifying for the three-percent partial abatement cannot increase by more than eight percent in any year.

The partial abatements do not apply to any increase in assessed value of the property from the preceding fiscal year that was the result of improvements to the property or a change in the actual or authorized use of the property. For example, the value of a new house built on a parcel of land is not eligible for either the three-percent or alternative abatement in the first year the value of the house is placed on the assessor's property tax roll, but is eligible for the partial abatements in the second and following years the house is on the property tax roll.

#### Exemptions From the Property Tax

Under statute, the assessed value of certain real and personal property is totally exempt from the property taxes levied by state and local government entities. The real or personal property of individuals meeting specified criterion is offered an exemption from taxation for a portion of the assessed value of the property. The following two sections provide an overview of the total exemptions and partial exemptions provided to real and personal property under current statute.

#### Exemptions from the Property Tax for the Entire Assessed Value of Real and Personal Property

There are exemptions granted from property tax for all lands and other property owned by the United States that are not taxable because of the U.S. Constitution or laws of the United States (Number 1-Appendix B1). All lands and other property owned by the state of Nevada are exempt from property taxes, except for real property acquired by the state and assigned to the Department of Wildlife, which is or was subject to taxation under NRS Chapter 361 at the time of acquisition (Number 2). All lands and other property owned by the Nevada Rural Housing Authority or any county, domestic municipal corporation, irrigation drainage or reclamation district or town in Nevada, except for certain community pastures are exempt from the property tax (Number 3).

The real property and improvements for privately-owned parks (Number 4) and privately-owned airports (Number 5), which are used by the public without charge, are exempt from property taxes.

The following are several exemptions from property taxes provided in statute for education-related groups or activities:

1. Property owned by a legally created school district or charter school devoted to public school purposes (Number 7).
2. The portion of real and personal property leased or rented to a charter school for the use of the charter school (Number 22).

3. All real and personal property owned by a charitable foundation established by the Board of Regents of the University of Nevada when the property is used for the legitimate functions of the foundation (Number 23).
4. All real and personal property leased or rented to the Nevada System of Higher Education for total consideration which is less than ten percent of the fair market rental or lease value of the property (Number 24).
5. All real property owned by any fraternity or sorority, or chapter thereof, which is composed of students of the University of Nevada, Reno, or the University of Nevada, Las Vegas, and used as a home for its members (Number 25).
6. Real property and furniture and equipment of nonprofit private schools (Number 26).
7. Real and personal property of certain apprenticeship programs (Number 27).
8. Buildings, furniture, and equipment of noncommercial theaters owned and operated by nonprofit education corporations organized for the exclusive purpose of conducting classes and the production of plays on a nonprofessional basis. Articles of incorporation must provide that the property for which the exemption is requested shall revert to the county upon the cessation of activities (Number 36).

The following are exemptions from property taxes provided in statute to specific organizations, foundations, or associations:

1. All real and personal property of Pershing County Kids, Horses, Rodeo Inc. used for carrying out the legitimate functions of the organization (Number 7).
2. All real and personal property acquired by the Archaeological Conservancy, Nature Conservancy, American Land Conservancy, or Nevada Land Conservancy and held for ultimate acquisition by the state or a local government unit (Number 30).
3. All real and personal property of the Nevada Children's Foundation, Inc., Nevada Heritage Association, Inc., and Habitat for Humanity International, if used to carry out the legitimate functions of the organization (Number 31).
4. All real and personal property of the Nathan Adelson Hospice, if used to carry out the legitimate functions of the organization (Number 21).

The following are exemptions from property taxes provided in statute for the buildings, furniture and equipment, and lots of land on which the buildings stand for various nonprofit organizations (Number 29):

1. Nevada Museum of Art, Inc.
2. Boulder City Museum and Historical Association
3. Young Men's Christian Association (YMCA)
4. Young Women's Christian Association (YWCA)
5. American National Red Cross or any of its chapters in Nevada
6. Salvation Army Corps
7. Girl Scouts of America
8. Camp Fire Girls
9. Boy Scouts of America
10. Sierra Arts Foundation

If any property that is exempt from taxation is used for purposes other than those of the organization listed in 1 through 10 above and a rent or other valuable consideration is received for its use, then the property must be subject to property taxes, unless the rent or consideration is paid by an organization that qualifies as a tax-exempt organization under 26 U.S.C., Section 501(c)(3).

The following provides a list of personal property that is exempt from property taxes under various sections in statute (Number 9):

1. Personal property held for sale by a merchant.
2. Personal property held for sale by a manufacturer.
3. Raw materials and components held by a manufacturer for manufacture into products and supplies to be consumed in the process of manufacture.
4. Tangible personal property purchased by a business which will be consumed during the operation of the business.
5. Livestock.
6. Colonies of bees.
7. Pipe and other agricultural equipment used to convey water for irrigation of legal crops.
8. All boats.
9. Slide-in campers and camper shells.
10. Fine art for public display.
11. Computers and related equipment donated for use in schools.
12. All personal property that is owned by a person who is not a resident of Nevada and located in the state solely for the purpose of a display, exhibition, convention, carnival, fair or circus that is transient in nature.

Also, all vehicles, except mobile homes which constitute “real estate” or “real property” (Number 8), and household goods and furniture (Number 11) are additional forms of personal property exempt from property taxes.

Property tax exemptions are granted to the property used to provide certain social benefits to specific groups of citizens in Nevada:

1. Portion of real and personal property used for low-income housing or related facilities (Number 17).
2. Certain property used for the care or relief of orphan children or of sick, infirm, or indigent persons owned by a nonprofit corporation organized pursuant to NRS Chapter 82 (Number 18).
3. Certain property used exclusively for housing and related facilities for elderly persons and persons with disabilities (Number 19).
4. The increase in value added to a residence occupied by a person with a disability for improvements made for the purpose of removing barriers to movement, safety, and comfort of a person with a disability is exempt (Number 20).

The real estate, fixtures, funds, furniture, paraphernalia and regalia owned by the following lodges and benevolent or charitable societies are exempt from property taxes, if used for the legitimate purpose of the lodge or society:

1. Benevolent Protective Order of Elks
2. Fraternal Order of Eagles
3. Free and Accepted Masons
4. Independent Order of Odd Fellows
5. Knights of Pythias
6. Knights of Columbus
7. Lahontan Audubon Society
8. National Audubon Society, Inc., of New York
9. Defenders of Wildlife of the District of Columbia
10. Any similar charitable organization or society

The following are additional property tax exemptions provided to various types of property, functions or groups:

1. Real and personal property of a trust created for public benefit (Number 6).
2. Drainage ditches and canals, together with the lands, which are included in the rights-of-way (Number 12).

3. Real and personal property of a water users' nonprofit association or of a water users' nonprofit cooperative corporation, if used to carry out the legitimate functions of the entity (Number 13).
4. Unpatented mines and mining claims (Number 14).
5. Real and personal property used as a facility, device, or method for the control of air or water pollution (Number 15).
6. Real and personal property of churches, chapels (other than marriage chapels), and other buildings used for religious worship (Number 32).
7. Cemeteries and graveyards set apart and used for and open to the public, when no charge is made for burial (Number 33).
8. Cemetery lands and property of a nonprofit corporation formed for the purpose of procuring and holding lands to be used exclusively for a cemetery or place of burial (Number 34).
9. Property of certain charitable corporations (Number 35).
10. Real and personal property of organized and incorporated volunteer fire departments, if used to carry out the legitimate functions of the department (Number 37).
11. Personal property in transit (Number 38).
12. Personal property of minimal value may be exempted by the Nevada Tax Commission if the annual taxes would be less than the cost of collecting the taxes (Number 10).

#### Exemptions from the Property Tax for a Portion of the Assessed Value of Real and Personal Property

There are several sections of the NRS that grant an exemption from property taxes for a portion of assessed value, as follows:

1. Residential property that contains a shelter for protection against radioactive fallout, under certain requirements, to the extent of \$1,000 of assessed value is exempt from taxation (Number 1 - Appendix B2).
2. Surviving spouses can receive an exemption not to exceed \$1,000 of assessed valuation (Number 2 - Appendix B2).
3. Blind persons can receive an exemption not to exceed \$3,000 of assessed valuation (Number 3 - Appendix B2).

4. Veterans who have served on active duty can receive an exemption not to exceed \$2,000 of assessed valuation (Number 4 – Appendix B2).
5. Veterans with disabilities of 100 percent or his/her surviving spouse can receive an exemption equal to \$20,000 of assessed value (Number 5 – Appendix B2).
6. Veterans with disabilities of 80 to 99 percent or his/her surviving spouse can receive an exemption equal to \$15,000 of assessed value (Number 6 – Appendix B2).
7. Veterans with disabilities of 60 to 79 percent or his/her surviving spouse can receive an exemption equal to \$10,000 of assessed value (Number 7 – Appendix B2).
8. The buildings (including fixtures and land), funds, furniture, paraphernalia and regalia owned and used exclusively by any post of any national organization of ex-servicemen or ex-servicewomen is exempt from taxation, but must not exceed \$10,000 of assessed value (Number 9 – Appendix B2).

The exemption amounts established for categories Number 2 through 8 above are adjusted each year for inflation determined by the percentage change in the Consumer Price Index between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. The inflation adjusted exemption amounts for FY 2009-10 are the following.

1. Surviving spouses: \$1,130
2. Blind persons: \$3,360
3. Veterans who have served on active duty or who are on active duty: \$2,260
4. A veteran with disabilities of 100 percent: \$22,600
5. A veteran with disabilities of 80 to 99 percent: \$16,900
6. A veteran with disabilities of 60 to 79 percent: \$11,300

Under NRS 361.0905, veterans qualifying for any of the exemptions provided in NRS 361.090 (active duty exemption) and 361.091 (disabled veteran and surviving spouse exemptions) are allowed to pay all or any portion of the exemption amount to which they are entitled and actually claim for a fiscal year. The amount of the exemption remitted can be directed to be deposited in the Gift Account for Veterans' Homes (established by NRS 417.145) as a donation to this fund.

Under NRS 361.1565, the personal property tax exemption to which a surviving spouse, person who is blind, veteran or surviving spouse of a veteran who has a service-connected disability is entitled pursuant to NRS 361.080 (surviving spouse), 361.085 (blind person), 361.090 (active duty), or 361.091 (disabled veteran and surviving spouse) is reduced to the extent that an exemption is allowed from the governmental services tax (GST) pursuant to NRS Chapter 371.

## VI. GOVERNMENTAL SERVICES TAX EXEMPTIONS

### Introduction

#### Imposition and Rate of Tax

Pursuant to provisions of the Nevada Constitution, subsection 5 of Section 1 of Article 10, the Legislature may exempt motor vehicles from the constitutional provisions regarding uniform taxation of all property. The Governmental Services Tax (GST) is imposed in lieu of motor vehicles being tax as personal property governed by NRS Chapter 361. As with the constitutional tax rate limit on real and personal property, the GST tax rate cannot exceed five cents per dollar of assessed valuation.

Chapter 371 of the *Nevada Revised Statutes* governs the imposition of the Governmental Services Tax (GST) based on the value of the motor vehicles. Pursuant to NRS 371.030 and 371.040, a basic governmental services tax (basic GST) of four cents on each dollar (four percent) of valuation of a vehicle is imposed for the privilege of operating any vehicle upon the public highways in Nevada. Under NRS 371.045, a county may impose by ordinance a supplemental GST rate of one cent on each dollar (one percent) of valuation of a vehicle after receiving the approval of a majority of the voters voting on the question at a primary, general, or special election.

Clark County is the only county currently imposing the one-cent supplemental GST through voter approval.

Churchill County, as authorized in A.B. 104 (1991 Session) and S.B. 506 (1993 Session), currently imposes a one-cent GST levy as part of the revenue makeup provisions of the Fair Share legislation that changed the distribution of the Supplemental City/County Relief Tax revenues.

The minimum amount of the governmental services tax that can be imposed for the GST is \$3 for any trailer having an unladen weight of 1,000 pounds or less and \$6 for any other vehicle, pursuant to NRS 371.060.

#### Distribution and Use of the Proceeds from Basic and Supplemental GST

*Nevada Revised Statutes* 371.230 requires that revenue collected by DMV from the basic and any supplemental GST, as well as money from any penalties, must be deposited in the Motor Vehicle Fund created pursuant to NRS 481.180. Any interest and income from revenue in the Motor Vehicle Fund, after deducting any applicable charges, must be credited to the State Highway Fund. The basic and supplemental GST taxes belong to the county in which the person registering the vehicle resides and not the county in which the GST taxes were paid.

The Department of Motor Vehicles is required to withhold six percent from the basic and supplemental GST proceeds collected by the department as a commission. From any basic and supplemental GST proceeds collected by a county assessor, DMV is required to retain one percent as a commission and distribute five percent to the county for credit to its general fund as a commission for the collection services provided by the county assessor.

The distribution of the basic and supplemental GST proceeds is governed NRS 482.181. Basic GST proceeds are first distributed to the county school district before any distribution is made to the county. The amount of basic GST distributed to a county school district is based on a statutory formula that is a function of the assessed value in the county and the property tax rates in place in FY 1980-81, except the school district's debt service property tax rate is the levy for FY 1977-78 unless the current debt service rate is higher than the FY 1977-78 rate.

After making the required distribution to the county school district, the remaining basic GST proceeds must be deposited in the Local Government Tax Distribution Account to the credit of each county for distribution to the local government entities within each county through the Consolidated Tax Distribution (CTX) formulas established in NRS 360.680 and 360.690. An exception is that an amount equal to any basic GST distributed to a redevelopment agency in FY 1987-88 must continue to be distributed to the redevelopment agency as long as it exists, but the amount must not be increased from the level received in FY 1987-88.

*Nevada Revised Statutes* 482.181 requires that any supplemental GST collected for a county must be distributed only to the county to be used as provided in NRS 371.045 and 371.047. Pursuant to sections of NRS 371.045, a county shall use the proceeds of the supplemental GST to pay the cost of:

1. Projects related to the construction and maintenance of sidewalks, streets, avenues, boulevards, highways and other public rights-of-way used primarily for vehicular traffic, including, without limitation, overpass projects, street projects or underpass projects, as defined in NRS 244A.037, 244A.053 and 244A.055, respectively:
  - (1) Within the boundaries of the county;
  - (2) Within one mile outside the boundaries of the county if the board of county commissioners finds that such projects outside the boundaries of the county will facilitate transportation within the county; or
  - (3) Within 30 miles outside the boundaries of the county and the boundaries of this state, where those boundaries are coterminous, if:
    - (a) The projects consist of improvements to a highway which is located wholly or partially outside the boundaries of this state and which connects this state to an interstate highway; and
    - (b) The board of county commissioners finds that such projects will provide a significant economic benefit to the county;
2. Payment of principal and interest on notes, bonds or other obligations incurred to fund projects described in Number 1; or
3. Any combination of those uses.

The county may expend the proceeds of the supplemental GST or any borrowing in anticipation of the tax, pursuant to an interlocal agreement between the county and the regional transportation commission of the county with respect to projects to be financed with the proceeds of the supplemental GST.

*Nevada Revised Statutes 371.047* allows a county to use revenue from the proceeds of the supplemental GST or the funds obtained from bonds to which the proceeds of the supplemental GST are pledged for a project related to the construction of a highway with limited access to:

1. Purchase residential real property which shares a boundary with a highway with limited access or a project related to the construction of a highway with limited access, and which is adversely affected by the highway. (Not more than one percent of the proceeds of the tax or of any bonds to which the proceeds of the tax are pledged may be used for this purpose.)
2. Pay for the cost of moving persons whose primary residences are condemned for a right-of-way for a highway with limited access and who qualify for such payments. (The board of county commissioners shall, by ordinance, establish the qualifications for receiving payments for the cost of moving pursuant to this paragraph.)

#### Valuation of Vehicles

Pursuant to NRS 371.050, the valuation of the vehicle must be determined by the Department of Motor Vehicles (DMV) based on 35 percent of the manufacturer's suggested retail price (MSRP) in Nevada, excluding options and extras, as of the time the particular make and model of that year the vehicle is first offered for sale in Nevada. If DMV is unable to determine the MSRP, the department must base the value of the vehicle on 35 percent of the original retail price to the original purchaser of the vehicle.

For each bus, truck, truck-tractor or combination of vehicles having a declared gross weight of 10,000 pounds or more, and trailer or semi-trailer having an unladen weight of 4,000 pounds or more, the department may use 85 percent of the original purchaser's cost price in lieu of the manufacturer's suggested retail price.

If the department is unable to determine the original manufacturer's suggested retail price in Nevada, or the original retail price to the purchaser, the department may determine the original value of the vehicle on the basis of 50 cents per pound.

#### Depreciation Schedule Allowed on Vehicles

Although not generally considered an exemption from the GST, NRS 371.060 provides for the deduction of depreciation to determine the taxable value to which the basic and supplemental GST rate will be applied. The level of depreciation depends on the age of the vehicle as follows:

| <b>Age</b>           | <b>Percentage of Initial Value</b> |
|----------------------|------------------------------------|
| New.....             | 100 percent                        |
| 1 year.....          | 85 percent                         |
| 2 years.....         | 75 percent                         |
| 3 years.....         | 65 percent                         |
| 4 years.....         | 55 percent                         |
| 5 years.....         | 45 percent                         |
| 6 years.....         | 35 percent                         |
| 7 years.....         | 25 percent                         |
| 8 years.....         | 15 percent                         |
| 9 years or more..... | 5 percent                          |

The depreciation schedule for a bus, truck or truck-tractor having a declared gross weight of 10,000 pounds or more and each trailer or semitrailer having an unladen weight of 4,000 pounds is as follows:

| <b>Age</b>            | <b>Percentage of Initial Value</b> |
|-----------------------|------------------------------------|
| New.....              | 100 percent                        |
| 1 year.....           | 75 percent                         |
| 2 years.....          | 59 percent                         |
| 3 years.....          | 47 percent                         |
| 4 years.....          | 37 percent                         |
| 5 years.....          | 28 percent                         |
| 6 years.....          | 23 percent                         |
| 7 years.....          | 20 percent                         |
| 8 years.....          | 17 percent                         |
| 9 years.....          | 15 percent                         |
| 10 years or more..... | 13 percent                         |

Exemptions from the Governmental Services Tax

The exemptions provided in statute from the GST are listed in Appendix C, but the following provides a summary of exemptions allowed. The exemptions are applicable to both the basic GST and any supplemental GST tax imposed in a county.

The majority of the exemptions provided from the GST are intended to benefit citizens of Nevada that meet specific conditions or characteristics, such as:

1. Surviving spouses can receive an exemption not to exceed \$1,000 of valuation for a registered vehicle (Number 6 of Appendix C).
2. Blind persons can receive an exemption not to exceed \$3,000 of valuation for a registered vehicle (Number 7).

3. Veterans who have served on active duty or who are on active duty can receive an exemption not to exceed \$2,000 of valuation for a registered vehicle (Number 8).
4. A veteran with disabilities of 100 percent or his/her surviving spouse can receive an exemption equal to the first \$20,000 of valuation of the registered vehicle (Number 9).
5. A veteran with disabilities of 80 to 99 percent or his/her surviving spouse can receive an exemption equal to the first \$15,000 of valuation of the registered vehicle (Number 10).
6. A veteran with disabilities of 60 to 79 percent or his/her surviving spouse can receive an exemption equal to the first \$10,000 of valuation of the registered vehicle (Number 10).

The exemption amounts established for these categories are adjusted each year for inflation determined by the percentage change in the Consumer Price Index between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. The inflation adjusted exemption amounts for FY 2008-09 are as follows.

1. Surviving spouses: \$1,130
2. Blind persons: \$3,360
3. Veterans who have served on active duty or who are on active duty: \$2,260
4. A veteran with disabilities of 100 percent: \$22,600
5. A veteran with disabilities of 80 to 99 percent: \$16,900
6. A veteran with disabilities of 60 to 79 percent: \$11,300

Under NRS 371.1035, veterans qualifying for any of the exemptions provided in NRS 371.103 (active duty exemption) and 371.104 (disabled veteran and surviving spouse exemptions) are allowed to pay all or any portion of the exemption amount to which they are entitled and actually claim for a fiscal year. The amount of the exemption remitted can be directed to be deposited in the Gift Account for Veterans' Homes (established by NRS 417.145) as a donation to this fund.

Vehicles owned by the United States, the state of Nevada, any political subdivision of the state, or any county, municipal corporation, city, unincorporated town, or school district of the state are exempt from the GST (Number 1). Vehicles owned by the governing body of an Indian reservation or Indian colony (recognized by federal law) that are located on a reservation or colony are exempt from the GST, except for vehicles used for commercial purposes (Number 2).

An exemption from the GST is provided to vehicles that are used to provide a public benefit to the citizens of Nevada or a select group of citizens, such as:

1. Emergency vehicles owned by a volunteer fire department or ambulance service (Number 4).

2. Vehicles used by a private person that are dedicated exclusively for use as part of a system of public transportation in an urban area (Number 5).
3. Vehicles whose operation money is provided by the state or federal government and which are used solely for the transportation or provision of services to elderly and handicapped persons (Number 3).

## VII. LIVE ENTERTAINMENT TAX EXEMPTIONS

### Introduction

The Live Entertainment Tax (LET) was created by Senate Bill 8 of the 20<sup>th</sup> Special Session (2003) by amending the provisions of the existing Casino Entertainment Tax (CET) and adapting it to apply to entertainment provided in non-gaming establishments.

Under NRS 368A.200, an excise tax of ten percent of the admission charge, plus any amounts paid for food, refreshments and merchandise, is imposed on live entertainment provided in a facility with a maximum occupancy of less than 7,500 persons. An excise tax of five percent of the admission charge is imposed on live entertainment provided in a facility with a maximum occupancy of at least 7,500 persons.

Live entertainment provided in licensed gaming establishments is administered by the Gaming Control Board, while live entertainment not provided in licensed gaming establishments is administered by the Department of Taxation.

### Exemptions from the Live Entertainment Tax

The issue of exemptions from the LET is based on what is defined as “live entertainment” under NRS 368A.090, as well as actual exemptions granted under NRS 368A.200. Under NRS 368A.090, live entertainment is defined to be any activity provided for pleasure, enjoyment, recreation, relaxation, diversion, or other similar purpose by a person or persons who are physically present when providing that activity to a patron or group of patrons who are physically present. The term live entertainment includes:

1. Music or vocals provided by one or more professional or amateur musicians or vocalists.
2. Dancing performed by one or more professional or amateur dancers or performers.
3. Acting or drama provided by one or more professional or amateur actors or players.
4. Acrobatics or stunts provided by one or more professional or amateur acrobats, performers or stunt persons.
5. Animal stunts or performances induced by one or more animal handlers or trainers.
6. Athletic or sporting contests, events or exhibitions provided by one or more professional or amateur athletes or sportsmen.
7. Comedy or magic provided by one or more professional or amateur comedians, magicians, illusionists, entertainers or performers.
8. A show or production involving any combination of the activities described in subparagraphs (1) to (7), inclusive.

9. A performance involving one or more of the activities described in 1 through 8 by a disc jockey who presents recorded music. A disc jockey shall not be deemed to have engaged in a performance involving one or more of the activities described in 1 through 8 if the disc jockey generally limits his interaction with patrons to introducing the recorded music, making announcements of general interest to patrons, and explaining, encouraging or directing participatory activities between patrons.

The term live entertainment excludes the following activities:

1. Instrumental or vocal music, which may or may not be supplemented with commentary by the musicians, in a restaurant, lounge or similar area if such music does not routinely rise to the volume that interferes with casual conversation and if such music would not generally cause patrons to watch as well as listen.
2. Occasional performances by employees whose primary job function is that of preparing, selling or serving food, refreshments or beverages to patrons, if such performances are not advertised as entertainment to the public.
3. Performances by performers of any type if the performance occurs in a licensed gaming establishment other than a licensed gaming establishment that is licensed for less than 51 slot machines, less than 6 games, or any combination of slot machines and games within those respective limits, as long as the performers stroll continuously throughout the facility.
4. Performances in areas other than in nightclubs, lounges, restaurants or showrooms, if the performances occur in a licensed gaming establishment other than a licensed gaming establishment that is licensed for less than 51 slot machines, less than 6 games, or any combination of slot machines and games within those respective limits, which enhance the theme of the establishment or attract patrons to the areas of the performances, as long as any seating provided in the immediate area of the performers is limited to seating at slot machines or gaming tables.
5. Television, radio, closed circuit or Internet broadcasts of live entertainment.
6. Entertainment provided by a patron or patrons, including, without limitation, singing by patrons or dancing by or between patrons.
7. Animal behaviors induced by animal trainers or caretakers primarily for the purpose of education and scientific research.
8. An occasional activity, including, without limitation, dancing, that: a.) does not constitute a performance; b.) is not advertised as entertainment to the public; c.) primarily serves to provide ambience to the facility; and d.) is conducted by an employee whose primary job function is not that of an entertainer.

*Nevada Revised Statutes* 368A.200 provides an exemption from the LET for admission charges collected and retained by a nonprofit religious, charitable, fraternal or other organization that qualifies as a tax exempt organization pursuant to 26 U.S.C., Section 501(c), or by a nonprofit corporation organized or existing under the provisions of Chapter 82 of NRS.

Furthermore, NRS 368A.200 provides an exemption from the following types of live entertainment or activities:

1. Live entertainment that this state is prohibited from taxing under the Constitution, laws or treaties of the United States or the Nevada Constitution.
2. Live entertainment that is provided by or entirely for the benefit of a nonprofit religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c), or a nonprofit corporation organized or existing under the provisions of Chapter 82 of NRS.
3. Any boxing contest or exhibition governed by the provisions of Chapter 467 of NRS.
4. Live entertainment that is not provided at a licensed gaming establishment if the facility in which the live entertainment is provided has a maximum occupancy of less than 200 persons.
5. Live entertainment that is provided at a licensed gaming establishment that is licensed for less than 51 slot machines, less than 6 games, or any combination of slot machines and games within those respective limits, if the facility in which the live entertainment is provided has a maximum occupancy of less than 200 persons.
6. Merchandise sold outside the facility in which the live entertainment is provided, unless the purchase of the merchandise entitles the purchaser to admission to the entertainment.
7. Live entertainment that is provided at a trade show.
8. Music performed by musicians who move constantly through the audience if no other form of live entertainment is afforded to the patrons.
9. Live entertainment that is provided at a licensed gaming establishment at private meetings or dinners attended by members of a particular organization or by a casual assemblage if the purpose of the event is not primarily for entertainment.
10. Live entertainment that is provided in the common area of a shopping mall, unless the entertainment is provided in a facility located within the mall.

11. Food and product demonstrations provided at a shopping mall, a craft show or an establishment that sells grocery products, housewares, hardware or other supplies for the home.
12. Live entertainment that is incidental to an amusement ride, a motion simulator or a similar digital, electronic, mechanical or electromechanical attraction. For the purposes of this paragraph, live entertainment shall be deemed to be incidental to an amusement ride, a motion simulator or a similar digital, electronic, mechanical or electromechanical attraction if the live entertainment is not the predominant element of the attraction and not the primary purpose for which the public rides, attends or otherwise participates in the attraction.
13. Live entertainment that is provided to the public in an outdoor area, without any requirements for the payment of an admission charge or the purchase of any food, refreshments or merchandise.
14. An outdoor concert, unless the concert is provided on the premises of a licensed gaming establishment.
15. Beginning July 1, 2007, race events scheduled at a race track in this state as a part of the National Association for Stock Car Auto Racing Nextel Cup Series, or its successor racing series, and all races associated therewith.
16. Beginning July 1, 2007, a baseball contest, event or exhibition conducted by professional minor league baseball players at a stadium in this state.
17. Live entertainment provided in a restaurant that is incidental to any other activities conducted in the restaurant or which only serves as ambience so long as there is no charge to the patrons for that entertainment.

## VIII. REAL PROPERTY TRANSFER TAX EXEMPTIONS

### Introduction

Chapter 375 of the *Nevada Revised Statutes* (NRS) governs the state and local tax imposed on the transfer of real property in Nevada. Under NRS 375.020, a county level tax of \$1.25 for each \$500 of value is imposed in a county with a population of 400,000 (Clark County) or more and a tax of 65 cents per \$500 of value is imposed in a county with a population of less than 400,000. A state tax rate of \$1.30 per \$500 of value is imposed per NRS 375.023.

As stated, the state and county level tax rates are imposed on each \$500 of value or fraction thereof on each deed by which any lands, tenements, or other realty is granted, assigned, transferred, or otherwise conveyed to, or vested in, another person, if the consideration or value of the interest or property conveyed exceeds \$100. Under NRS 375.010, "value" means the amount of the full purchase price paid or to be paid for the real property in the case of any deed which is not a gift and the estimated fair market value of the real property in the case of a gift or any deed with nominal consideration or without stated consideration.

Under NRS 375.023, the county recorder of each county is required to collect the state rate of \$1.30 per \$500 of value and transmit the proceeds to the State Controller for deposit in the state General Fund. The county recorder is allowed to retain one percent of the proceeds from the state \$1.30 rate to reimburse the county for the cost of collecting the tax on behalf of the state.

As governed by NRS 375.070, the proceeds from the county level rates imposed pursuant to NRS 375.020 are distributed as follows:

1. In each county, an amount equal to 10 cents per \$500 of value must be transferred to State Controller for deposit in the Account for Low-Income Housing (created pursuant to NRS 319.500).
2. In each county, an amount equal to 55 cents per \$500 of value must be remitted to the State Controller for deposit in the Local Government Tax Distribution Account (created by NRS 360.660) for distribution to the respective counties through the Consolidated Tax Distribution (CTX) mechanism.
3. In a county whose population is greater than 400,000 (Clark County), an amount equal to 60 cents per \$500 of value must be transmitted to the county treasurer for deposit in the county school district's fund for capital projects (established pursuant to NRS 387.328).

### Exemptions from the Real Property Transfer Tax

The exemptions from the real property transfer tax are established in NRS 375.090 and apply to both the state and county level tax rates. The exemptions are as follows:

1. A mere change in identity, form or place of organization, such as a transfer between a business entity and its parent, its subsidiary or an affiliated business entity if the affiliated business entity has identical common ownership.
2. A transfer of title to the United States, any territory or state or any agency, department, instrumentality or political subdivision thereof.
3. A transfer of title recognizing the true status of ownership of the real property.
4. A transfer of title without consideration from one joint tenant or tenant in common to one or more remaining joint tenants or tenants in common.
5. A transfer, assignment or other conveyance of real property if the owner of the property is related to the person to whom it is conveyed within the first degree of lineal consanguinity or affinity.
6. A transfer of title between former spouses in compliance with a decree of divorce.
7. A transfer of title to or from a trust without consideration if a certificate of trust is presented at the time of transfer.
8. Transfers, assignments or conveyances of unpatented mines or mining claims.
9. A transfer, assignment or other conveyance of real property to a corporation or other business organization if the person conveying the property owns 100 percent of the corporation or organization to which the conveyance is made.
10. A conveyance of real property by deed which becomes effective upon the death of the grantor pursuant to NRS 111.109.
11. The making, delivery or filing of conveyances of real property to make effective any plan of reorganization or adjustment:
  - a. Confirmed under the Bankruptcy Act, as amended, 11 U.S.C. §§ 101;
  - b. Approved in an equity receivership proceeding involving a railroad, as defined in the Bankruptcy Act; or
  - c. Approved in an equity receivership proceeding involving a corporation, as defined in the Bankruptcy Act, if the making, delivery or filing of instruments of transfer or conveyance occurs within five years after the date of the confirmation, approval or change.

12. The making or delivery of conveyances of real property to make effective any order of the Securities and Exchange Commission if:
  - a. The order of the Securities and Exchange Commission in obedience to which the transfer or conveyance is made recites that the transfer or conveyance is necessary or appropriate to effectuate the provisions of Section 11 of the Public Utility Holding Company Act of 1935, 15 U.S.C. § 79k.
  - b. The order specifies and itemizes the property which is ordered to be transferred or conveyed.
  - c. The transfer or conveyance is made in obedience to the order.
13. A transfer to an educational foundation. As used in this subsection, “educational foundation” has the meaning ascribed to it in subsection 3 of NRS 388.750.
14. A transfer to a university foundation. As used in this subsection, “university foundation” has the meaning ascribed to it in subsection 3 of NRS 396.405.



## IX. TAX INCREMENT FINANCING

### Background

Chapter 279 of NRS, cited as the Community Redevelopment Law, was first established in 1959 and includes several declarations of state policy with regard to acknowledging the existence of blighted areas in many communities, which constitute either social or economic liabilities, or both. Pursuant to NRS 279.416, the existence of blighted areas constitutes a serious and growing menace, which is condemned as injurious and inimical to the public health, safety and welfare of the people of the communities in which they exist and of the people of the state. Such blighted areas present difficulties and handicaps that are beyond remedy and control solely by regulatory processes in the exercise of the police power. They contribute substantially and increasingly to the problems of, and necessitate excessive and disproportionate expenditures for, crime prevention, correction, prosecution and punishment, the treatment of juvenile delinquency, the preservation of the public health and safety, and maintaining adequate police, fire and accident protection and other public services and facilities.

*Nevada Revised Statutes 279.420* states that conditions of blight tend to further obsolescence, deterioration and disuse because of the lack of incentive to the individual landowner and his inability to improve, modernize or rehabilitate his property while the condition of the neighboring properties remains unchanged. As a consequence, the process of deterioration of a blighted area frequently cannot be halted or corrected except by redeveloping the entire area, or substantial portions of it. Such conditions of blight are chiefly found in areas subdivided into small parcels, held in divided and widely scattered ownerships, frequently under defective titles, and in many such instances, the private assembly of the land in blighted areas for redevelopment is so difficult and costly that it is uneconomic and, as a practical matter, impossible for owners to undertake because of lack of legal power and excessive costs.

The state of Nevada has also declared that, pursuant to NRS 279.418, the remedying of such conditions and redevelopment of blighted areas is in the interest of the health, safety and general welfare of the people of those communities and of the state. Pursuant to NRS 279.420, remedying of such conditions may require the public acquisition at fair prices of adequate areas, the clearance of the areas through demolition of existing obsolete, inadequate, unsafe and insanitary buildings, and the redevelopment of the areas suffering from such conditions under proper supervision, with appropriate planning, and continuing land use and construction policies. *Nevada Revised Statutes 279.418* includes a declaration that the benefits that will result from redevelopment of blighted areas will accrue to all the inhabitants and property owners of the communities in which they exist.

Tax increment financing is one of the resources available to cities and counties to engage in the redevelopment of blighted areas. The first part of this discussion specifically addresses Chapter 279 of NRS, which includes provisions for establishing redevelopment agencies, redevelopment plans, and the redevelopment areas where tax increment financing may be used with regard to community redevelopment and

elimination of blighted areas. Following the discussion of NRS Chapter 279, the subject of tax increment areas authorized by Chapter 278C of NRS will be presented. Chapter 278C of NRS, cited as County Bond Law and City Bond Law (insofar as it applies to each), was created in 2005 with the passage of S.B. 389 and provides for the use of tax increment financing as an economic development tool by allowing cities and counties to finance specific types of infrastructure projects that are critical for communities to attract new businesses and the construction of new facilities rather than projects associated with redevelopment as authorized by Chapter 279 of NRS.

Before reviewing the statutory provisions for tax increment financing authorized by either Chapter 279 or Chapter 278C of NRS, it is necessary to present the basic concepts of tax increment financing with regard to how revenues are generated and how those revenues may be used to provide financing for any type of project.

#### Brief Overview of Tax Increment Financing

The process starts with property tax revenues derived from the assessed value of all real property within the jurisdiction of a local government. In the absence of tax increment financing, all revenues from property taxes are distributed to the various taxing entities to fund government services provided throughout the entire community. With tax increment financing, the local government identifies a specifically designated area within the community that represents the area intended to benefit from projects that will be supported from the use of public funds through tax increment financing. For the purpose of establishing a base level of assessed value and therefore property tax revenue as of the date the designated area was created, the assessed value of all real property within the designated area is capped or frozen.

Within the designated area, all future property tax revenue generated from the base level of assessed value will be distributed as it was previously distributed, to the various taxing entities to fund government services provided throughout the entire community. If the assessed value of all property within the designated area increases above the base value, all of the additional property tax revenue generated from that “increment” of assessed value is allocated back to the designated area to fund various projects and improvements located within the designated area. The process of reinvesting revenues generated from the tax increment back into the designated area contributes to even higher assessed values and ultimately more revenue to be used for projects within the designated area. The tax increment revenues may be accumulated and used as direct funding for smaller projects or the revenue stream may be leveraged to secure bond financing for larger projects to be paid off over several years, thus the term tax increment financing.

Once the projects within the designated area are ultimately completed and all associated debts and obligations have been paid off, the designated area is terminated. From that point forward, all property tax revenues (base and increment) are distributed to the taxing entities (state, county, city, school district or other government entity or program) to fund government services throughout the community in the same manner as the revenues were distributed before the designated area was created.

## **A. Provisions of Chapter 279 of NRS – Redevelopment of Communities**

As stated above, the provisions of Chapter 279 of NRS establish the authority for local governments to create redevelopment agencies, redevelopment areas, and to use tax increment financing for the purpose of community redevelopment and elimination of blighted areas. These provisions encompass a wide range of requirements related to community redevelopment, such as the relationship between the governing body of a city or county and its redevelopment agency, requirements for creating and adopting redevelopment plans and redevelopment areas, and the financial aspects of redevelopment efforts in general. This discussion focuses on select statutory provisions within Chapter 279 of NRS in an effort to summarize the structure and environment in which tax increment financing is used with regard to the allocation and distribution of property tax revenues within a redevelopment area and the scope of projects redevelopment agencies are authorized to finance using those revenues. Other discussion points include the basic statutory authority for the creation and operation of redevelopment agencies, the criteria for determining a redevelopment area, and the restrictions and requirements placed upon redevelopment activities.

While the primary subject of this section is tax increment financing, it is important to keep in mind that the redevelopment of communities and elimination of blighted areas is ultimately the reason that tax increment financing exists as authorized by Chapter 279 of NRS. The statutory definitions of “blighted areas” and “redevelopment” are provided below to provide the context in which tax increment financing is used for this purpose.

*Nevada Revised Statutes 279.388* defines a “blighted area” as an area which is characterized by at least four of the following factors:

1. The existence of buildings and structures, used or intended to be used for residential, commercial, industrial or other purposes, or any combination thereof, which are unfit or unsafe for those purposes and are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime because of one or more of the following factors:
  - a. Defective design and character of physical construction.
  - b. Faulty arrangement of the interior and spacing of buildings.
  - c. Inadequate provision for ventilation, light, sanitation, open spaces and recreational facilities.
  - d. Age, obsolescence, deterioration, dilapidation, mixed character or shifting of uses.
2. An economic dislocation, deterioration or disuse.
3. The subdividing and sale of lots of irregular form and shape and inadequate size for proper usefulness and development.
4. The laying out of lots in disregard of the contours and other physical characteristics of the ground and surrounding conditions.
5. The existence of inadequate streets, open spaces and utilities.

6. The existence of lots or other areas which may be submerged.
7. Prevalence of depreciated values, impaired investments and social and economic maladjustment to such an extent that the capacity to pay taxes is substantially reduced and tax receipts are inadequate for the cost of public services rendered.
8. A growing or total lack of proper utilization of some parts of the area, resulting in a stagnant and unproductive condition of land which is potentially useful and valuable for contributing to the public health, safety and welfare.
9. A loss of population and a reduction of proper use of some parts of the area, resulting in its further deterioration and added costs to the taxpayer for the creation of new public facilities and services elsewhere.
10. The environmental contamination of buildings or property.
11. The existence of an abandoned mine.

If the subject of the redevelopment is an eligible railroad or facilities related to an eligible railroad, "blighted area" means an area which is characterized by at least four of the factors stated above or characterized by one or more of the following factors:

1. The existence of railroad facilities, used or intended to be used, for commercial, industrial or other purposes, or any combination thereof, which are unfit or unsafe for those purposes because of age, obsolescence, deterioration or dilapidation.
2. A growing or total lack of proper utilization of the railroad facilities resulting in a stagnant and unproductive condition of land which is potentially useful and valuable for contributing to the public health, safety and welfare.
3. The lack of adequate rail facilities that has resulted or will result in an economic hardship to the community.

*Nevada Revised Statutes 279.408* defines "redevelopment" as the planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a redevelopment area, and the provision of such residential, commercial, industrial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including:

1. Recreational and other facilities appurtenant thereto.
2. Eligible railroads or facilities related to eligible railroads.
3. The alteration, improvement, modernization, reconstruction or rehabilitation, or any combination thereof, of existing structures in a redevelopment area.
4. Provision for uses involving open space, such as:
  - a. Streets and other public grounds.
  - b. Space around buildings, structures and improvements.
  - c. Improvements of recreational areas.
  - d. Improvement of other public grounds.

5. The replanning, redesign or original development of undeveloped areas where:
  - a. The areas are stagnant or used improperly because of defective or inadequate layouts of streets, faulty layouts of lots in relation to size, shape, accessibility or usefulness, or for other causes; or
  - b. The areas require replanning and assembly of land for reclamation or development in the interest of the general welfare because of widely scattered ownership, tax delinquency or other reasons.

“Redevelopment” does not exclude the continuance of existing buildings or uses whose demolition and rebuilding or change of use are not deemed essential to the redevelopment and rehabilitation of the area.

#### Allocation of Property Tax Revenues Within a Redevelopment Area

Given that the basic concept of tax increment financing starts with property taxes, it is necessary to discuss how property tax revenues are allocated within a redevelopment area and how the tax increment portion of those revenues is determined. Pursuant to NRS 279.674, the term “taxes” includes all levies on an ad valorem basis upon land or real property for the benefit of the state, county, any city, school district, other district or public entity or program. *Nevada Revised Statutes 279.676* includes provisions for determining the base level of assessed value within a redevelopment area, as well as provisions for the division and disposition of property tax revenues.

The tax revenue that would be generated from the assessed value that existed within the redevelopment area prior to the creation of the redevelopment area is identified as the base assessed value and revenue from that base will continue to be distributed to the respective taxing agencies in the same manner as revenue from all property outside the redevelopment area is distributed.

*Nevada Revised Statutes 279.676* also includes provisions to protect certain tax revenues that have been obligated for specific purposes.

1. The portion of the taxes in excess of the base amount as described above that is attributable to a tax rate levied by a taxing agency to repay the principal and interest on any bonded indebtedness that was approved by the voters of the taxing agency on or after November 5, 1996, must be allocated and paid into the debt service fund of that taxing agency.
2. The portion of the taxes in excess of the base amount as described above that is attributable to a new or increased tax rate levied by a taxing agency and was approved by the voters of the taxing agency on or after November 5, 1996, must be allocated and paid into the appropriate fund of the taxing agency.

The revenue generated from the assessed value above the base value established when the redevelopment area was created and the specified tax rates as identified above is what is considered to be the tax increment revenue.

1. The portion of the property taxes levied each year in excess of the base amount must be allocated and paid into a special fund of the redevelopment agency to pay the costs of redevelopment and to pay the principal of and interest on loans, money advanced to, or indebtedness incurred by the redevelopment agency to finance or refinance redevelopment.
2. For any fiscal year, if the total assessed value of the taxable property in a redevelopment area does not exceed the total base amount of assessed value established when the redevelopment area was created, all of the taxes levied and collected upon the taxable property in the redevelopment area must be paid to the government entities (state, county, city, school district or other government entity or program) with a property tax rate levied in the redevelopment area.

When the redevelopment plan is terminated pursuant to the provisions of NRS 279.438 and 279.439 and all loans, advances and indebtedness have been paid off, the revenues from all property taxes revert to being allocated and paid to the government entities (state, county, city, school district or other government entity or program) with a property tax rate levied in the redevelopment area.

Provisions of NRS 279.676 also include a limitation on the amount of property tax revenues that may be allocated to a redevelopment agency through the creation of redevelopment areas.

1. Except as otherwise provided in item number 2 below, in any fiscal year, the total revenue paid to a redevelopment agency must not exceed:
  - a. In a municipality whose population is 100,000 or more, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by ten percent of the total assessed valuation of the municipality.
  - b. In a municipality whose population is 25,000 or more but less than 100,000, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 15 percent of the total assessed valuation of the municipality.
  - c. In a municipality whose population is less than 25,000, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 20 percent of the total assessed valuation of the municipality.
2. If the revenue paid to a redevelopment agency must be limited pursuant to items 1.a., 1.b. or 1.c. above and the redevelopment agency has more than one redevelopment area, the redevelopment agency shall determine the allocation

to each area. Any revenue which would be allocated to a redevelopment agency but for the provisions of this section must be paid to the government entities (state, county, city, school district or other entity) with a property tax rate levied in the redevelopment area.

The redevelopment agency revenues generated through tax increment financing may be used by the agency to engage in a wide variety of redevelopment activities and financial transactions authorized by Chapter 279 of NRS. Many of the redevelopment activities authorized by Chapter 279 of NRS allow redevelopment agencies to leverage this revenue in ways that ultimately generate additional revenue through investments, the accumulation, management and sale of assets, as well as the increased assessed value of property.

The remainder of the discussion with regard to Chapter 279 of NRS will highlight the statutory provisions that explain how redevelopment agencies are formed and the activities they are authorized to engage in, using the tax increment revenues as well as any other revenues generated as a result of the redevelopment efforts.

#### Creating Redevelopment Agencies

Pursuant to NRS 279.428, before a redevelopment agency can transact any business or exercise any of the powers authorized by Chapter 279 of NRS, the governing body of the county or city must declare, by resolution, the need for a redevelopment agency in the community. Sections of NRS 279 provide for alternative methods for establishing the membership of the redevelopment agency. In general, statute provides for the city council or board of county commissioners to declare it to be the redevelopment agency, or the agency can consist of a combination of members of the city council or county board and appointed members. Regardless of the structure in which the membership of the redevelopment agency is organized, Chapter 279 includes provisions that govern all aspects of the agency, including terms of office and designation of chairperson, compensation, administration and employees.

Provisions of NRS 279.454 establish that no officer or employee of an agency or community who in the course of his duties is required to participate in the formulation of or to approve plans or policies for a redevelopment area may acquire any interest in any property included within a redevelopment area. If any officer or employee owns, purchases or has or acquires any direct or indirect financial interest in such property, the person shall make a written disclosure to the redevelopment agency and the governing body, and failure to disclose constitutes misconduct in office. Such an officer or employee may purchase or acquire property in the redevelopment area if it is used for the person's residence. Additionally, NRS 279.456 prohibits an agency from acquiring any property or interest in property from any of its members or officers except through eminent domain proceedings.

#### Suspension of the Redevelopment Agency

In accordance with NRS 279.436, if an agency has not redeveloped or acquired land for, or commenced the redevelopment of a project, or entered into contracts for redevelopment within two years after the adoption of a resolution, as provided in

NRS 279.428, the legislative body may by resolution declare that there is no further need for the agency. Upon the adoption of the resolution, the offices of the agency members are vacated and the capacity of the agency to transact business or exercise any powers is suspended until the legislative body adopts a resolution declaring the need for the agency to function.

#### Termination of a Redevelopment Plan

Depending on the date in which a redevelopment plan is adopted, the plan must also be terminated in accordance with the following statutory requirements:

1. *Nevada Revised Statutes 279.438* requires that a redevelopment plan adopted before January 1, 1991, and any amendments to the plan must terminate at the end of the fiscal year in which the principal and interest of the last maturing of the securities issued before that date concerning the redevelopment area are fully paid, or 45 years after the date on which the original redevelopment plan was adopted, whichever is later.
2. *Nevada Revised Statutes 279.439* requires that a redevelopment plan adopted on or after January 1, 1991, and any amendments to the plan must terminate not later than 30 years after the date on which the original redevelopment plan is adopted.

Provisions of NRS 279.619 place additional limitations on issuing securities or incurring other indebtedness. Securities must not be issued and no indebtedness may be incurred by a redevelopment agency to finance a redevelopment plan beyond 20 years after the date on which the redevelopment plan is adopted. A redevelopment agency may enter into leases or incur indebtedness at any time before the termination of the redevelopment plan if the leases are terminated and the indebtedness is fully repaid no later than the termination of the redevelopment plan. Any securities issued by or on behalf of an agency to finance redevelopment must mature and be fully paid, including any interest, before the termination of the redevelopment plan.

#### Redevelopment Agency Administration, Operations and Powers

Following the creation of a redevelopment agency, provisions of NRS 279.610 allow the governing body to appropriate funds for the administrative expenses and overhead of the redevelopment agency. The money appropriated may be paid to the redevelopment agency as a grant to defray the expenses and overhead, or as a loan to be repaid upon such terms and conditions as the governing body may provide.

Pursuant to NRS 279.612, redevelopment agencies are required to submit an annual budget to the governing body, which may adopt an annual budget for the administrative expenses of the redevelopment agency and may place conditions and restrictions upon the expenditure or encumbrance of the money appropriated pursuant to the budget.

*Nevada Revised Statutes 279.614* requires funds appropriated for administrative expenses to be kept in a special fund known as the community redevelopment agency administrative fund. Provisions of NRS 279.618 require a redevelopment agency to file with the governing body a detailed report of all of its transactions, including a statement of all revenues and expenditures, at monthly, quarterly or annual intervals as prescribed by the governing body.

Provisions of NRS 279.464 allow a redevelopment agency to have access to the services and facilities of the planning commission, the city engineer and other departments and offices of the community. *Nevada Revised Statutes 279.466* provides for redevelopment agencies to select, appoint and employ such permanent and temporary officers, agents, counsel and employees as it requires, and determine the qualifications, duties, benefits and compensation, subject only to the conditions and restrictions imposed by the governing body on the expenditure or encumbrance of the funds appropriated to the community redevelopment agency administrative fund.

Pursuant to NRS 279.432, the state, county, any city or other political subdivision of the state (public bodies) are authorized to aid in redevelopment for the purpose of cooperating in the planning, undertaking, construction or operation of redevelopment projects located within the area in which it is authorized to act. Public bodies may:

1. Dedicate, sell, convey or lease any of its property to a redevelopment agency.
2. Cause parks, playgrounds, recreational, community, educational, water, sewer or drainage facilities, or any other works which it is otherwise empowered to undertake, to be furnished adjacent to or in connection with redevelopment projects.
3. Furnish, dedicate, close, pave, install, grade, regrade, plan or replan streets, roads, roadways, alleys, sidewalks or other places which it is otherwise empowered to undertake.
4. Plan or replan, zone or rezone any part of such area and make any legal exceptions from building regulations and ordinances.
5. Enter into agreements with the federal government respecting action to be taken by such public body pursuant to any of the powers granted by NRS 279.382 to 279.685, inclusive. Such agreements may extend over any period, notwithstanding any law to the contrary.
6. Purchase or legally invest in any of the bonds of an agency and exercise all of the rights of any holder of such bonds.

*Nevada Revised Statutes 279.470* provides for the acquisition, disposal and encumbrance of interest in real and personal property, including provisions to exercise the power of eminent domain. Within the redevelopment area or for purposes of redevelopment, a redevelopment agency may:

1. Purchase, lease, obtain option upon or acquire by gift, grant, bequest, devise or otherwise, any real or personal property, any interest in property and any improvements thereon.
2. Acquire real property by eminent domain.

3. Clear buildings, structures or other improvements from any real property acquired.
4. Sell, lease, exchange, subdivide, transfer, assign, pledge, encumber by mortgage, deed of trust or otherwise, or otherwise dispose of any real or personal property or any interest in property.
5. Insure or provide for the insurance of any real or personal property or operations of the agency against risks or hazards.
6. Rent, maintain, manage, operate, repair and clear such real property.

Provisions of NRS 279.486 allow a redevelopment agency, with the consent of the governing body, to pay all or part of the value of the land for and the cost of the construction of any building, facility, structure or other improvement and the installation of any improvement which is publicly or privately owned and located within or without the redevelopment area. Before the governing body may give its consent, it must determine that:

1. The buildings, facilities, structures or other improvements are of benefit to the redevelopment area or the immediate neighborhood in which the redevelopment area is located.
2. No other reasonable means of financing those buildings, facilities, structures or other improvements are available.

In reaching its determination that the buildings, facilities, structures or other improvements are of benefit to the redevelopment area or the immediate neighborhood in which the redevelopment area is located, the governing body shall consider:

1. Whether the buildings, facilities, structures or other improvements are likely to:
  - a. Encourage the creation of new business or other appropriate development.
  - b. Create jobs or other business opportunities for nearby residents.
  - c. Increase local revenues from desirable sources.
  - d. Increase levels of human activity in the redevelopment area or the immediate neighborhood in which the redevelopment area is located.
  - e. Possess attributes that are unique, either as to type of use or level of quality and design.
  - f. Require for construction, installation or operation the use of qualified and trained labor.

- g. Demonstrate greater social or financial benefits to the community than would a similar set of buildings, facilities, structures or other improvements not paid for by the agency.
2. The opinions of persons who reside in the redevelopment area or the immediate neighborhood in which the redevelopment area is located.
3. Comparisons between the level of spending proposed by the redevelopment agency and projections, made on a pro forma basis by the agency, of future revenues attributable to the buildings, facilities, structures or other improvements.

If the value of that land or the cost of the construction of that building, facility, structure or other improvement, or the installation of any improvement has been, or will be, paid or provided for initially by the community or other governmental entity, the redevelopment agency may enter into a contract with that community or governmental entity under which it agrees to reimburse the community or governmental entity for all or part of the value of that land or of the cost of the building, facility, structure or other improvement, or both, by periodic payments over a period of years. The obligation of the redevelopment agency under that contract constitutes an indebtedness of the redevelopment agency which may be payable out of taxes levied and allocated to the redevelopment agency under paragraph (b) of subsection 1 of NRS 279.676, or out of any other available money.

Provisions of NRS 279.480 allow redevelopment agencies to purchase bonds under certain conditions and to invest any money not otherwise obligated. *Nevada Revised Statutes* 279.490 allows redevelopment agencies to borrow money or accept financial or other assistance from the state, the federal government or private sources for any redevelopment project within their area of operation.

#### Redevelopment Agency Plans and Designation of Redevelopment Areas

Prior to designating a region as a redevelopment area, the area must be studied and evaluated to determine the existence of blighted areas, and a redevelopment plan which conforms with criteria established in Chapter 279 of NRS must be developed. Areas for evaluation may be designated by resolution of the governing body, or the governing body may by resolution authorize the designation of those areas by resolution of the planning commission or by resolution of the members of the redevelopment agency.

Pursuant to NRS 279.516, before any area is designated for redevelopment, the community authorized to undertake such development shall:

1. Have a planning commission.
2. Have a master or general plan for the community adopted by the planning commission or the governing body. The plan must include all of the following:
  - a. The general location and extent of existing and proposed major thoroughfares, transportation routes, terminals and other major public utilities and facilities.

- b. A land-use plan which designates the proposed general distribution and general location and extent of the uses of the land for housing, business, industry, recreation, education, public buildings and grounds and other categories of public and private uses of land.
- c. A statement of the standards of population density and building intensity recommended for the various districts and other territorial units, and estimates of future growth in population, in the territory covered by the plan, all correlated with the land-use plan.
- d. Maps, plans, charts or other descriptive matter showing the areas in which conditions are found indicating the existence of blighted areas.

Provisions of NRS 279.568 require the cooperation between the planning commission and the redevelopment agency with regard to creating and adopting a redevelopment plan for each redevelopment area. A redevelopment plan must conform to the master or general plan for the community as it applies to the redevelopment area and pursuant to NRS 279.572, every redevelopment plan must show the following:

- 1. The amount of open space to be provided and the layout of streets.
- 2. Limitations on type, size, height, number and proposed use of buildings.
- 3. The approximate number of dwelling units.
- 4. The property to be devoted to public purposes and the nature of those purposes.
- 5. Other covenants, conditions and restrictions which the legislative body prescribes.
- 6. The proposed method of financing the redevelopment plan in sufficient detail so that the legislative body may determine the economic feasibility of the plan.

Pursuant to NRS 279.519, the area included within a redevelopment area may be contiguous or noncontiguous and may include, in addition to blighted areas, lands, buildings or improvements which are not blighted, but whose inclusion is found necessary for the effective redevelopment of the area of which they are a part. At least 75 percent of the area included within a redevelopment area must be improved land and may include, without limitation:

- 1. Public land upon which public buildings have been erected or improvements have been constructed.
- 2. Land on which an abandoned mine, landfill or other similar use is located and which is surrounded by or directly abuts the improved land.

The taxable property in a redevelopment area must not be included in any subsequently created redevelopment area until at least 50 years after the effective date of creation of the first redevelopment area in which the property was included.

Pursuant to NRS 279.580, prior to adoption of a redevelopment plan by ordinance, the governing body must consider all evidence and testimony for or against the plan during a public hearing where the redevelopment agency must present the redevelopment plan and a report that must include the following:

1. The reasons for the selection of the redevelopment area.
2. A description of the physical, social and economic conditions existing in the area.
3. A description of the proposed method of financing the redevelopment plan in sufficient detail so that the legislative body may determine the economic feasibility of the plan.
4. A method or plan for the relocation of persons and families temporarily or permanently displaced from housing facilities in the redevelopment area.
5. An analysis of the preliminary plan.
6. The report and recommendations of the planning commission, if any.

#### Safeguards and Other Conditions on Redevelopment Activity

Pursuant to NRS 279.598, no plan may be approved unless it contains adequate safeguards that the work of redevelopment will be carried out pursuant to the plan, and provides for the retention of controls and the establishment of any restrictions or covenants running with land sold or leased for private use for such periods of time and under such conditions as the governing body deems necessary to effectuate the purposes of NRS 279.382 to 279.685, inclusive. The establishment of such controls is a public purpose under the provisions of NRS 279.382 to 279.685, inclusive.

Provisions of NRS 279.482 allow a redevelopment agency to impose the following obligations on lessees or purchasers of property acquired in a redevelopment project.

1. Use the property for the purpose designated in the redevelopment plans.
2. Begin the redevelopment of the area within a period of time which the redevelopment agency fixes as reasonable.
3. Comply with other conditions which the redevelopment agency deems necessary to carry out the purposes of the Community Redevelopment Law, including, the provisions of an employment plan or a contract approved for a redevelopment project.
4. As appropriate for the particular project, each proposal for a redevelopment project must also include an employment plan. The employment plan must include:
  - a. A description of the existing opportunities for employment within the area.

- b. A projection of the effect that the redevelopment project will have on opportunities for employment within the area.
- c. A description of the manner in which an employer relocating his business into the area plans to employ persons living within the area of operation who:
  - 1) Are economically disadvantaged;
  - 2) Have a physical disability;
  - 3) Are members of racial minorities;
  - 4) Are veterans; or
  - 5) Are women.

Pursuant to NRS 279.498, any work of grading, clearing, demolition or construction in excess of \$10,000 undertaken by the agency must be done by contract after competitive bids.

*Nevada Revised Statutes 279.500* includes provisions governing payment of prevailing wage on any contract for new construction, repair or reconstruction awarded by a redevelopment agency. If an agency provides property for development at less than the fair market value of the property, or provides financial incentives to the developer with a value of more than \$100,000, the agency must provide in the agreement with the developer that the development project is subject to the statutory prevailing wage provisions. This requirement applies only to the project covered by the agreement between the redevelopment agency and the developer and does not apply to future development of the property unless additional financial incentives with a value of more than \$100,000 are provided to the developer.

*Nevada Revised Statutes 279.685* includes provisions for certain redevelopment agencies to set aside revenue for low-income housing. An agency of a city whose population is 300,000 or more that receives incremental revenue from property taxes from a redevelopment area shall set aside not less than 15 percent of that revenue received on or before October 1, 1999, and 18 percent of that revenue received after October 1, 1999, to increase, improve and preserve the number of dwelling units in the community for low-income households. There are some exceptions to these provisions based on existing obligations for bonded indebtedness.

#### Summary of Local Government Entities Using Redevelopment Agencies

The Fiscal Analysis Division requested information from all city and county governments in Nevada regarding the use of redevelopment agencies and tax increment financing within redevelopment areas. The following counties and cities reported that they have created a redevelopment agency: Carson City, Clark County, Douglas County, city of Elko, city of Las Vegas, city of North Las Vegas, city of Henderson, city of Mesquite, city of Reno, and city of Sparks.

Additional details regarding redevelopment agencies and related projects reported to the Fiscal Analysis Division have been summarized in Section XI. Appendix D includes all of the materials submitted by each city and county government regarding redevelopment areas and projects.

## **B. Provisions of Chapter 278C of NRS – Tax Increment Areas**

As stated in the Background of Section IX, the provisions of Chapter 278C of NRS establish the authority for local governments to use tax increment financing for the purpose of financing specific types of infrastructure projects that are critical to attracting new (economic development) projects to a community. This discussion of the statutory provisions within Chapter 278C of NRS will summarize the structure and environment in which tax increment areas are used with regard to financing infrastructure projects and how these provisions differ from the authority provided by Chapter 279 of NRS with regard to redevelopment areas.

### **Summary of Differences between Chapter 278C and Chapter 279 of NRS**

Chapter 278C and Chapter 279 of NRS each include provisions authorizing the governing body of a county or a city to use tax increment financing. However, Chapter 278C of NRS provides authority directly to the governing body only, while acting on its own behalf, to adopt an ordinance creating a tax increment area, whereas Chapter 279 of NRS requires the governing body to first establish a redevelopment agency and that agency ultimately adopts an ordinance to create a redevelopment area. Thus, all of the policy and administrative decisions related to tax increment areas authorized by Chapter 278C of NRS are made directly by the local governing body, rather than through a redevelopment agency. It should be noted that this distinction can be subtle, as a city council or board of county commissioners may declare itself to be the redevelopment agency under the authority granted in Chapter 279 of NRS.

The use of tax increment financing authorized by Chapter 278C of NRS does not require a tax increment area to include blighted areas and a tax increment area is not generally associated with redevelopment of an existing area, whereas Chapter 279 of NRS specifically requires a redevelopment area to include blighted areas. Tax increment financing authorized by Chapter 278C of NRS is primarily associated with previously undeveloped land where basic infrastructure improvements will make that land more attractive to new business development. With a few exceptions, the governing body of a county or city may identify essentially any area within its jurisdictional boundaries as a tax increment area.

The types of infrastructure projects that are authorized within a tax increment area pursuant to Chapter 278C of NRS could also occur within a redevelopment area as part of a redevelopment plan. However, the authority granted under Chapter 278C for tax increment areas is limited to a select list of infrastructure projects, and the governing body does not have the same scope of authority provided to a redevelopment agency as discussed in Section IX-A.

The types of new infrastructure projects authorized by Chapter 278C of NRS, referred to as an undertaking, are defined in NRS 278C.140 and provide the context for tax increment areas and tax increment financing used for this purpose. The term “undertaking” means any enterprise to acquire, improve or equip, or any combination thereof:

1. In the case of counties:
  - a. A drainage and flood control project, as defined in NRS 244A.027
  - b. An overpass project, as defined in NRS 244A.037
  - c. A sewerage project, as defined in NRS 244A.0505
  - d. A street project, as defined in NRS 244A.053
  - e. An underpass project, as defined in NRS 244A.055
  - f. A water project, as defined in NRS 244A.056
  
2. In the case of cities:
  - a. A drainage project or flood control project, as defined in NRS 268.682;
  - b. An overpass project, as defined in NRS 268.700;
  - c. A sewerage project, as defined in NRS 268.714;
  - d. A street project, as defined in NRS 268.722;
  - e. An underpass project, as defined in NRS 268.726; or
  - f. A water project, as defined in NRS 268.728.

#### Allocation of Property Tax Revenues Within a Tax Increment Area

Given that the basic concept of tax increment financing starts with property taxes, it is necessary to discuss how property tax revenues are allocated within a tax increment area and how the tax increment portion of those revenues is determined. *Nevada Revised Statutes 278C.250* establishes provisions for determining the base level of assessed value within a tax increment area, including the division and disposition of property tax revenues levied for the benefit of the state, county, city, school district, other district or public entity or program.

1. The tax revenue that would be generated from the assessed value that existed within the tax increment area prior to the creation of the tax increment area is identified as the base assessed value and revenue from that base must be paid to the government entities (state, county, city, school district or other entity) with a property tax rate levied in the tax increment area.
2. The taxes levied each year in excess of the base amount determined above must be allocated and paid into the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness incurred by the municipality to finance or refinance the undertaking.
3. For any fiscal year, if the total assessed value of the taxable property in the tax increment area does not exceed the total base amount of assessed value established when the tax increment area was created, all of the taxes levied and collected upon the taxable property in the area must be paid to the government entities (state, county, city, school district or other entity) with a property tax rate levied in the tax increment area.

4. When all loans, advances and indebtedness related to the undertaking have been paid, all money thereafter received from taxes upon the taxable property in the tax increment area must be paid to the government entities (state, county, city, school district or other entity) with a property tax rate levied in the tax increment area.

*Nevada Revised Statutes 278C.250* includes provisions that limit the amount of property tax revenue that may be dedicated to the undertaking.

1. The amount of the taxes levied each year which are paid into the tax increment account must not exceed the combined total amount required for annual debt service of the project or projects as part of the undertaking.
2. Any revenues generated within the tax increment district in excess of the amount required for annual debt service referenced above, must be paid to the government entities (state, county, city, school district or other entity) with a property tax rate levied in the tax increment area in the same proportion as the base amount was distributed.

In a tax increment area, only the property tax revenues created above the established base level that are required to service the debt issued for projects in the area are retained. Any incremental property tax revenues greater than those required to service debt issued for projects in the tax increment area are distributed to the state and local government entities along with the distribution of the base level of property tax revenue. Whereas, all incremental property tax revenues above the base level created in a redevelopment area established under NRS Chapter 279 are retained by the redevelopment agency.

Provisions of NRS 278C.250 establish limitations on the combined amount of revenue that may be paid to all tax increment areas and any redevelopment agencies that have been established by a governing body.

1. For any fiscal year, the total revenue paid to a tax increment area in combination with the total revenue paid to any other tax increment areas and any redevelopment agencies of a municipality must not exceed:
  - a. In a municipality whose population is 100,000 or more, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by ten percent of the total assessed valuation of the municipality.
  - b. In a municipality whose population is less than 100,000, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 15 percent of the total assessed valuation of the municipality.

2. If the revenue paid to a tax increment area must be limited pursuant to number 1 and the municipality has more than one redevelopment agency or tax increment area, or one of each, the municipality shall determine the allocation to each redevelopment agency and tax increment area. Any revenue that would be allocated to a tax increment area but for the provisions of this section must be paid to the government entities (state, county, city, school district or other entity) with a property tax rate levied in the tax increment area.

#### Provisions to Maintain the Property Tax Revenue for Certain Voter Approved and School District Rates

*Nevada Revised Statutes* 278C.250 includes requirements that the portion of property tax revenues generated in a tax increment area in excess of the established base level shall be allocated to the following property tax rates levied by a taxing agency:

1. A property tax levy approved by a majority of the voters within the area of the taxing agency voting on the question that is required to make annual payments on the principal and interest of any bonded indebtedness.
2. An additional property tax levy approved by a majority of the voters within the area of the taxing agency voting on the question that is applicable to the taxation of property before the effective date of the ordinance creating the tax increment area.
3. A property tax levy approved by a majority of the voters within the area of the school district voting on the question that was established pursuant NRS 387.3285 and NRS 387.3287 to provide funding for the school district's fund for capital projects used for the construction of buildings, replacement of capital assets, and other capital projects.
4. The 75-cent property tax levy that is imposed to provide funding for the operations of the county school district, pursuant to NRS 387.195.

#### Creating Tax Increment Areas

Pursuant to NRS 278C.150, a governing body may designate a tax increment area comprising any specially benefited zone within the municipality designated for the purpose of creating a special account for the payment of bonds or other securities issued to defray the cost of an undertaking. The term "specially benefited zone" is defined by NRS 278C.110 as an area which is specially benefited by an undertaking.

When the boundaries of a tax increment area are created, the area may not include property that is included within a previously created redevelopment area. The taxable property of a tax increment area must not be included in any subsequently created tax increment area until at least 50 years after the effective date of creation of the first tax increment area in which the property was included.

Pursuant to NRS 278C.130, a “tax increment area” is defined as the area:

1. Whose boundaries are coterminous with those of a specially benefited zone.
2. Specially benefited by an undertaking.
3. Designated by ordinance as provided in NRS 278C.220.
4. In which is located the taxable property the assessed valuation of which is the basis for the allocation of tax proceeds to the tax increment account pursuant to NRS 278C.250.

*Nevada Revised Statutes 278C.160* includes procedures for a provisional order that is required prior to the creation of a tax increment area.

1. Whenever the governing body of a municipality is of the opinion that the interests of the municipality and the public require an undertaking, the governing body, by resolution, shall direct the engineer to prepare:
  - a. Preliminary plans and a preliminary estimate of the cost of the undertaking, including all estimated financing costs to be capitalized with the proceeds of the securities issued by the municipality and all other estimated incidental costs relating to the undertaking.
  - b. A statement of the proposed tax increment area, including the amount of the assessed valuation of the taxable property and the amount of taxes paid or unpaid based on records of the county assessor and county treasurer.
  - c. A statement of the estimated amount of the tax proceeds to be credited annually to the tax increment account during the term of the proposed securities.
2. The resolution must describe the undertaking in general terms and must state:
  - a. What portion of the expense of the undertaking will be paid with the proceeds of securities issued by the municipality in anticipation of tax proceeds to be credited to the tax increment account.
  - b. How the remaining portion of the expense of the undertaking, if any, is to be financed.
  - c. The basic security and any additional security for the payment of securities of the municipality pertaining to the undertaking.

3. The resolution must designate the tax increment area or its location so that the various tracts of taxable real property and any taxable personal property can be identified and determined to be within or without the proposed tax increment area, but need not describe in minute detail each tract of real property proposed to be included within the tax increment area.

Provisions of Chapter 278C of NRS require the governing body to establish and maintain a list of all persons who reside within a proposed tax increment area and who own taxable property within a proposed tax increment area to be created. The list must be used to provide notice of a public meeting where all complaints, protests, objections and other relevant comments concerning the proposed undertaking are allowed to be presented. All information concerning the proposed undertaking must be presented in accordance with statutory requirements that provide the governing body with adequate information to evaluate all concerns and comments provided.

If the governing body determines that an undertaking or part of an undertaking is not in the public interest, NRS 278C.210 requires the governing body to adopt a resolution. After considering all written and oral complaints, protests, objections and other relevant comments that were properly submitted and after considering any other relevant material put forth, if the governing body determines that the undertaking, or a part thereof, is not in the public interest:

1. The governing body, by resolution, shall make an order which states that the undertaking or a part of the undertaking, as appropriate, is not in the public interest and which states the reasons that the undertaking, or part of the undertaking, is not in the public interest.
2. The public body may, by resolution and in accordance with the notice and hearing requirements of this chapter, modify the proposed tax increment area or undertaking to conform to the order.
3. The undertaking or part of the undertaking, as appropriate, must be stopped until the governing body adopts a new resolution for the undertaking which conforms to the order.

If the governing body determines that an undertaking is in the public interest, NRS 278C.220 requires an ordinance to create the tax increment area.

1. If, after considering all written and oral complaints, protests, objections and other relevant comments that were properly submitted and after considering any other relevant material put forth, the governing body determines that the undertaking is in the public interest and defines that public interest, the governing body shall determine whether to proceed with the undertaking.

2. When the plans, estimates and statements are filed with the clerk and are satisfactory to the governing body, if the governing body wants to proceed with the undertaking, the governing body shall, by ordinance:
  - a. Overrule all complaints, protests and objections not otherwise acted upon.
  - b. Order the undertaking.
  - c. Describe the tax increment area pertaining to the undertaking.
  - d. Create the tax increment account for the undertaking.

Pursuant to NRS 278C.300, a tax increment area must expire not more than 30 years after the date on which the ordinance which creates the area becomes effective.

#### Financing Authority

Pursuant to NRS 278C.280, a municipality may issue the following securities to defray the cost of an undertaking:

1. Notes
2. Warrants
3. Interim debentures
4. Bonds
5. Temporary bonds

*Nevada Revised Statutes 278C.290* requires any securities for a tax increment area issued to be fully paid before the expiration of the tax increment area.

#### Prevailing Wage

The state's prevailing wage laws provided in NRS 338.010 to 338.090 apply to any construction work performed under any contract or other agreement related to an undertaking ordered by a governing body pursuant to the creation and use of a tax increment area.

#### Tax Increment Area Related to the Nevada State College

Senate Bill 374 of the 2007 Session amended various sections of NRS 278C with regard to tax increment areas created for projects involving or related to the Nevada State College. The definition of "undertaking" was amended to include:

1. A project for any other infrastructure necessary or desirable for the principal campus of the Nevada State College that is approved by the Board of Regents; or
2. An educational facility or other capital project for the principal campus of the Nevada State College that is owned by the Nevada System of Higher Education and approved by the Board of Regents.

*Nevada Revised Statutes 278C* was also amended to allow a tax increment area to be created by cooperative agreement between the city of Henderson and the Nevada System of Higher Education (NSHE) if the boundaries of the tax increment area include only land on which the principal campus of the Nevada State College is located or intended to be located. The tax increment area can also include only land which:

1. Consists of not more than 509 acres.
2. Was transferred by the city of Henderson to NSHE for the use of the college.
3. Was never subject to property taxation.
4. Nevada System of Higher Education has agreed to own for the term of the tax increment area.

The provisions amended into NRS 278C pursuant to S.B. 374 provide for the city of Henderson and the Board of Regents to enter into a cooperative agreement for an undertaking in the tax increment area. Senate Bill 374 also requires that if the boundaries of the Clark County school district include a tax increment area created for the Nevada State College and the school district operates a public school on the property within the tax increment area, the Clark County school district and NSHE must consult with each other regarding the funding for the operating costs of the public school in the tax increment area.

#### Summary of Local Government Entities Using Tax Increment Areas

The Fiscal Analysis Division requested information from all city and county governments in Nevada regarding the use of tax increment areas. Based on the information received, the city of Henderson and the city of Sparks are the only local government entities that have created tax increment areas.

Additional details regarding tax increment areas and related projects reported to the Fiscal Analysis Division have been summarized in Section XI. Appendix D includes all of the materials submitted by each city and county government regarding tax increment areas.

## X. TOURISM IMPROVEMENT DISTRICTS (TID) AND SALES TAX ANTICIPATED REVENUE (STAR) BONDS

### Introduction

The concept of sales tax anticipated revenue (STAR) bonds is generally associated with Tourism Improvement Districts as approved in Senate Bill 306 (2005 Session) and codified in NRS Chapter 271A. However, the authorization for the use of STAR bonds was first approved by the 2003 Legislature in Senate Bill 495, and the provisions of S.B. 495 were codified in NRS Chapter 271 (Local Improvements) in Sections NRS 271.650 through NRS 271.680.

The Fiscal Analysis Division is not aware of the actual use of the provisions established in NRS 271.650 to 271.680 to use STAR bonds in a local improvement district. Therefore, the discussion that follows will focus on the statutory provisions authorizing the use of STAR bonds in a Tourism Improvement District (TID), as the actual use of STAR bonds has been based on the TID provisions established in NRS Chapter 271A.

The use of a TID and the associated STAR bonds is an economic development tool specifically designed to aid in the attraction and creation of retail businesses that will attract additional visitors to a market, as well as allow residents to partake of the retail business. Both S.B. 495 (2003 Session) and S.B. 306 (2005 Session) include the following preamble:

“Whereas, The State Legislature recognizes the importance of economic development and tourism to the State of Nevada and the need to compete effectively with other states in the promotion of economic development and tourism; and

Whereas, It is the intention of the State Legislature for the provisions of this act to be carried out for the promotion of economic development and tourism in the State of Nevada and for no other purpose.”

*Nevada Revised Statutes* 231.067 requires the Nevada Commission on Economic Development to use the tax abatement provisions of NRS 360.750 to promote the development of commercial, industrial, agricultural, mining and other vital economic interests, except for travel and tourism. The statutory provisions established in NRS 360.750 for offering partial abatement of sales and use taxes, Modified Business Taxes, and property taxes to promote economic development cannot be used for retail business.

### General Summary of the Tourism Improvement District and STAR Bonds

The governing body of a county or city may create a Tourism Improvement District (TID) by ordinance that will include a project designed to attract visitors to the area and generate retail sales. The governing body, via ordinance, may pledge up to 75 percent of the sales and use taxes generated from the state tax rate (2.0 percent), the Local School Support Tax rate (2.25 percent), and the Basic and Supplemental City/County

Relief Tax rate (2.25 percent). The sales and use taxes generated by any local tax rates imposed under NRS Chapters 377A and 377B and special local acts cannot be included in pledged amount. The funds generated from the pledged sales and use tax revenue can be used to finance the project.

The city or county cannot adopt the ordinance creating a TID and pledge up to 75 percent of the authorized sales and use taxes unless several conditions are satisfied. Generally, these conditions center on requiring the local government entity to make a written finding that the project in the TID will benefit the district and have a positive financial impact on the provision of local government services. The governing body is required to determine at a public hearing that, as a result of the project in the TID, retailers will locate in the district and there will be a significant increase in the sales and use tax revenue from retailers in the district. The governing body must also determine that a preponderance of the increase in sales and use tax revenues will be attributable to tourists who are not residents of the state.

The governing body of the county or city is required to provide notice to the school district and other local governments of the proposed project and the analysis prepared by the local government and independent contractors of the fiscal impact of the project and pledged sales and use tax revenues. The school district shall conduct a hearing regarding the fiscal effect on the school district and may provide comments to the local government proposing to create the TID regarding the potential fiscal impact, which must be considered by the local government when considering the pledge of sales and use tax revenues. The other local governments may conduct a hearing on the fiscal effect and submit comments to the local government proposing to create the TID regarding the potential fiscal impact, which shall be considered by the local government when considering the pledge of sales and use tax revenues.

The Commission on Tourism is required to determine that a preponderance of the increase in sales and use tax revenue generated from the project in the TID will be attributable to tourists who are not residents of the state. Also, the Governor must determine that the project and the use of the pledged sales and use tax revenue will contribute significantly to the economic development and tourism of Nevada.

Before making the required determination, the Governor must consider the fiscal effects of the pledged Local School Support Tax revenue on educational funding on the school district in which the TID is located. The Governor may require the county or city to make payments to the school district, if the Governor determines the pledged revenues will have a substantial adverse fiscal impact on educational funding in the school district.

The preceding was intended to provide a general overview of the provisions established for the creation of TIDs and the use of STAR bonds. The following subsections provide detail on the specific provisions of the Tourism Improvement District Law established by S.B. 306 (2005 Session) and codified in NRS Chapter 271A.

## Nevada Revised Statutes Chapter 271A – Tourism Improvement District Law

### Creation, Operation, and Ownership of Projects in a Tourism Improvement District and the Pledge of Sales and Use Tax Revenues

*Nevada Revised Statutes* Chapter 271A is known as the Tourism Improvement District Law established by the approval of S.B. 306 by the 2005 Legislature. *Nevada Revised Statutes* 271A.070 establishes the provisions for the creation of a TID and the pledge of sales tax revenues to develop a project in the TID. The governing body of a municipality may create a TID and define by ordinance the boundaries of the district and describe the types of projects that may be financed within the TID. The governing body of the municipality may, without election, acquire, improve, equip, operate, and maintain a project within the TID established by ordinance and the project may be owned by the municipality, another governmental entity, any other person, or any combination thereof.

The ordinance adopted by the governing body of the municipality may include the pledge of a single percentage (specified in the ordinance), which must not exceed 75 percent of the sales and use tax collected from the state two-percent tax, Local School Support Tax, Basic City/County Relief Tax, and Supplemental City/County Relief Tax on tangible personal property sold at retail or stored, used, or otherwise consumed in the TID. The amount pledged is net of a required deduction equal to 0.75 percent of the sales and use taxes collected in the TID, which is equivalent to the commission retained by the Department of Taxation and deposited in the state General Fund for accounting and distribution of the local sales and use taxes each month. The sales and use taxes collected in the TID from optional local sales and use tax rates imposed in the TID authorized in NRS 377A and 377B or various local acts cannot be included in the pledged revenues.

A TID created by a city must be located entirely within the boundaries of that city. A TID established by a county must be located entirely within the boundaries of that county, and when the district is created, entirely outside the boundaries of any city. After October 1, 2009, a TID cannot be created which includes any property included within the boundaries of a redevelopment area established pursuant to NRS Chapter 279.

### Prerequisites for the Adoption of an Ordinance by the Governing Body of a Municipality

The governing body of a municipality cannot adopt an ordinance creating a TID unless the following requirements, established in NRS 271A.080, are satisfied:

1. The governing body has determined that no retailers will have maintained or will be maintaining a fixed place of business within the TID on or within 120 days immediately preceding the date of the adoption of the ordinance. If the boundaries of the TID are amended to add additional area, the governing body has determined that no retailers will have maintained or will be maintaining a fixed place of business within that additional area on or within 120 days immediately preceding the date of the adoption of the ordinance.

2. The governing body has made a written finding at a public hearing that the project will benefit the district.
3. The governing body has made a written finding at a public hearing as to whether the project and the financing of the project with pledged sales and use tax revenue will have a positive fiscal effect on the provision of the local government services. The finding must be based on reports from independent consultants, which were provided to the governing body, the board of county commissioners (if the governing body is not the board of county commissioners), and the board of trustees of the school district. The governing body and the report by the independent consultants must consider:
  - a. The amount of all taxes and other governmental revenue projected to be received as a result of the properties and businesses expected to locate in the TID.
  - b. The use of any sales and use tax revenue pledged as authorized in statute.
  - c. Any increase in costs for the provision of local governmental services, including, without limitation, services for education (operational and capital costs) and services for police and fire protection, as a result of the project and development of land within the TID.
  - d. Estimates of any increases or decreases in the proceeds from sales and use taxes collected from retailers located outside of the TID, as a result of businesses expected to be located in the TID.
4. The governing body has provided to the board of trustees of the school district, at least 45 days before making the written finding required in Number 3, the following:
  - a. Written notice of the time and place of the meeting at which the governing body will consider making the written finding.
  - b. Each analysis prepared by or for or presented to the governing body regarding the fiscal effect of the project and the use of the pledged sales and use tax revenue on the provision of local governmental services, including education.

After the receipt of the meeting notice and before the date of the governing body's meeting to consider making the required written finding, the board of trustees shall conduct a hearing regarding the fiscal effect on the school district, if any, of the project in the TID, and the use of the pledged sales and use tax revenue. The board of trustees may submit comments regarding the fiscal effect on education to the governing body. The governing body shall consider those comments when making the required written finding and shall consider the comments when considering the terms of any agreement regarding the pledge of sales and use tax revenues for the project.

5. If the governing body considering the creation of a TID is not the board of county commissioners, then the governing body of the local government considering the TID has the same notification requirements with regard to the county as were established in Number 4 for the school district, but the consideration requirements are different. The board of county commissioners may conduct a hearing regarding the fiscal effect and may submit comments regarding the fiscal effect on the provision of local government services and the use of the pledged sales and use tax revenue. The governing body may consider the comments of the county when making the required written finding and shall consider the comments when considering the terms of any agreement regarding the pledge of sales and use tax revenues for the project.
6. The governing body has determined at a public hearing conducted at least 15 days after posting notice of the meeting that:
  - a. As a result of the project, retailers will locate businesses as such in the TID, and there will be a substantial increase in sales and use taxes remitted by businesses with regard to retail business activity in the TID.
  - b. Preponderance of the increase in the sales and use taxes will be attributable to sales to tourists who are not residents of Nevada.
7. The Commission on Tourism has determined, at a public hearing conducted at least 15 days after posting notice of the meeting, that a preponderance of the increase in sales and use tax revenues as determined by the governing body in Number 6 will be attributable to sales to tourists who are not residents of Nevada.
8. The Governor has determined that the project and the pledge of the sales and use tax revenue from the TID will contribute significantly to the economic development and tourism in Nevada. Before making this determination, the Governor must consider the fiscal effects of the pledged sales and use tax money on education funding, including any comments provided by the school trustees to the governing body creating the TID. The Governor may require the Department of Education and or the Department of Taxation to provide him with an appropriate fiscal report.

If the Governor determines that the proposed pledge of sales and use tax revenue from the TID will have a substantial adverse fiscal effect on educational funding, the Governor can require a commitment from the local government creating the TID for the provision of specified payments to the school district. The payments may be provided pursuant to agreements with owners of property in the TID or from sources other than the owners of property in the TID.

### Definition of a Project for the Purposes of Creating a TID

A project is defined in NRS 271A.050 and varies whether the county is Clark County, a city in Clark County, or any other municipality in Nevada. In a county whose population is 400,000 or more (Clark County), a project means:

1. An art project as defined in NRS 271.037.
2. A tourism and entertainment project as defined in NRS 271.234.
3. A sports stadium which can be used for the home games of a Major League Baseball or National Football League team and for other purposes, including structures, buildings, and other improvements and equipment.

In a city in a county whose population is 400,000 or more, a project is defined as:

1. A project described in 1, 2, and 3, above.
2. A recreational project as defined in NRS 268.710.

In all other municipalities, a project is defined as any project that the local government entity is authorized to acquire, improve, equip, operate and maintain pursuant to subsections 1, 2, and 4 to 10, inclusive, of NRS 244A.057, NRS 268.730, or NRS 271.265, as applicable.

Finally, a project in a TID means any real or personal property suitable for retail, tourism, or entertainment purposes, as well as any real or personal property necessary, useful, or desirable in connection with any of the projects authorized in NRS 271A.050.

### Provisions Regarding Competitive Bidding and Prevailing Wage Requirements

Under the provisions established in NRS 271A.130, notwithstanding any other law to the contrary, any contract or agreement relating to or providing for the acquisition, construction, operation, maintenance, or improvement of any project in a TID financed under the provisions authorized in NRS Chapter 271A is exempt from any law requiring competitive bidding or otherwise specifying procedures for awards of contracts for construction or procurement of goods and services. The governing body shall require a quarterly report on the demography of the workers employed by any contractor or subcontractor on the project. These competitive bidding exemption provisions do not apply to any project constructed or maintained by a governmental entity on any property while the governmental entity owns the property.

The prevailing wage provisions of NRS 338.010 to 338.090, inclusive, apply to any contract or other agreement for the construction, improvement, repair, demolition or reconstruction of any project that is paid for in whole or in part: 1) from the proceeds of bonds or notes issued pursuant to paragraph (a) of subsection 1 of NRS 271A.120 or 2) pursuant to an agreement for reimbursement entered into pursuant to paragraph (b) of subsection 1 of NRS 271A.120, regardless of whether the project is publicly or privately owned.

Under NRS 338.010, a “contract” is defined to mean a written contract between a contractor and a public body for the provision of labor, materials, equipment or supplies for a public work. A “public body” means the state, county, city, town, school district, or any public agency of this state or its political subdivisions sponsoring or financing a public work as defined in NRS 338.010.

Provisions Regarding the Issuance of Bonds to Finance the Project and Agreements for Reimbursement of Project Costs

*Nevada Revised Statutes 271A.120* governs the issuance of bonds, agreements to reimburse entities for project costs, requirements for feasibility studies, defaults on bonds or reimbursement agreements, security of bonds and agreements, and termination period for bonds.

If the governing body of a municipality adopts an ordinance creating a TID as authorized in NRS Chapter 271A, the municipality may:

1. Issue bonds or notes as special obligations under the Local Government Securities Law to finance or refinance projects for the benefit of the TID. Any bonds and notes may be secured by a pledge of the sales and use tax revenues authorized in NRS 271A.070, any revenue received by the municipality from any revenue-producing projects in the TID, or any combination thereof.
2. Enter into an agreement with one or more governmental entities or other persons to reimburse that entity or person for the cost of acquiring, improving, or equipping any project, including the payment of reasonable interest and other financing costs incurred by the entity or person. The reimbursement agreement may be secured by a pledge of the sales and use tax revenues authorized in NRS 271A.070, any revenue received by the municipality from any revenue-producing projects in the TID, or any combination thereof.

Before the issuance of any bonds or notes, the local government must obtain a feasibility study that shows that a sufficient amount will be generated from the pledged sales and use tax revenue to make timely payment on the bonds or notes. The feasibility study must take into account any proceeds for any other revenue-producing projections in the TID pledged for the payment of the bonds and notes.

However, the failure to make payments on any bonds or notes issued or reimbursement agreements because of insufficient funds yielded from the pledged sales and use tax revenues does not constitute a default on those bonds, notes, or agreements.

No bond, note, or agreement issued or entered into may be secured by or payable from the general fund of the local government, the power of the local government to levy property taxes, or any source other than revenue received from the pledged sales and use tax revenue, revenue received from other revenue-producing projects in the TID, or any combination of these two sources of funds. No bond, note, or agreement established pursuant to the provisions of NRS 271A can become a general obligation of

the local government or a charge against its general credit or taxing powers. These bonds, notes, or agreements cannot become a debt of the local government for the purposes of any limitation on indebtedness.

#### Use of the Tourism Improvement District Law to Create Tourism Improvement Districts and Issue STAR Bonds

At this point, two Tourism Improvements Districts have been created in Nevada and both are located in Washoe County:

1. The city of Reno approved an ordinance creating the Tourism Improvements District which includes the Cabela's store. The ordinance creating the Tourism Improvement District was approved on September 27, 2006, by the Reno City Council. On June 28, 2006, the Nevada Commission on Tourism approved the finding that a preponderance of the sales tax revenues from the project would be attributed to purchases by out-of-state visitors. Governor Guinn sent a letter to the city of Reno on August 22, 2006, stating that the Cabela's project would contribute significantly to the economic development and tourism in the state and that the pledge of sales and use tax revenues would not have an adverse fiscal impact on education funding for the Washoe County School District or the state of Nevada.
2. The city of Sparks approved an ordinance on July 23, 2007, creating the City of Sparks Tourism Improvement District No. 1 and pledged 75 percent of the sales and use tax revenues to help finance the Legends at Sparks Marina project. On December 11, 2006, the Nevada Commission on Tourism accepted the findings that a preponderance of the sales and use tax revenues from the proposed project would be generated by visitors who are not residents of the state. On December 26, 2006, Governor Guinn made the determination that the proposed project would contribute significantly to economic development and tourism in the state and would not adversely impact educational funding.

These projects are in place and retail activity is occurring in both TIDs, but due to concerns regarding confidentiality of the information under current law, the Department of Taxation cannot report how much revenue is being distributed to the city of Reno for the Cabela's project and the city of Sparks for the Legends at Sparks Marina project.

#### Other Potential Projects Considering the Use of STAR Bonds

The city of Reno approved a consulting agreement with Meridian Business Advisors to conduct the necessary economic and financial studies with regard to creating a Tourism Improvement District for the baseball stadium project. The city of Reno also approved a consulting agreement with Meridian Business Advisors to conduct the required economic and financial studies for a Tourism Improvement District, which would include a mixed-use project anchored by a tourism destination center specializing in retail and entertainment venues at the Grand Sierra Resort.

There are possibly other projects being considered by local governments in the state that are giving consideration to the creation of a Tourism Improvement District and the pledge of sales and use tax revenues allowing the use of STAR bonds. However, at this point, these are projects that a local government has actually initiated the process of consideration by authorizing the required fiscal impact study required in NRS Chapter 271A.

#### Summary of Local Government Entities Using Tourism Improvement Districts and STAR Bonds

The Fiscal Analysis Division requested information from all city and county governments in Nevada regarding the use of Tourism Improvement Districts and STAR bonds. Based on the information received, the city of Reno and the city of Sparks are the only local government entities that have created Tourism Improvement Districts and used STAR bonds.

Additional details regarding Tourism Improvement Districts, STAR bonds and related projects reported to the Fiscal Analysis Division have been summarized in Section XI. Appendix D includes all of the materials submitted by each city and county government regarding Tourism Improvement Districts, STAR bonds and related projects.



**XI. OVERVIEW OF LOCAL GOVERNMENT USE OF REDEVELOPMENT AREAS, TAX INCREMENT AREAS AND SALES TAX ANTICIPATED REVENUE (STAR) BONDS WITHIN A TOURISM IMPROVEMENT DISTRICT**

The Fiscal Analysis Division requested information from all city and county governments in Nevada regarding the use of STAR bonds within tourism improvement districts and tax increment financing within redevelopment areas or tax increment areas. The following table was compiled by the Fiscal Analysis Division using the information included in the response provided by each local government. All of the material submitted by each local government (except those that have not created any of the above areas) is provided in Appendix D.

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)

TIA = Tax Increment Area

RDA = Redevelopment Area

| NRS                     | TYPE | USED BY LOCAL GOVERNMENT   | TYPE OF PROJECT  | ADDITIONAL INFORMATION PROVIDED  |
|-------------------------|------|--|--|--|
| <b>CARSON CITY</b>      |      |  |  |  |
| 271A                    | TID  | No   |  |  |
| 278C                    | TIA  | No   |  |  |
| 279                     | RDA  | Carson City has created two redevelopment areas: Downtown Redevelopment Project Area No. 1 and South Carson Street Redevelopment Project Area No. 2. The Downtown Area No. 1 was created in 1986, while the South Carson Street Area No. 2 was created in 2004.  | Carson City has several ongoing projects in Downtown Area No. 1 in the following areas: 1.) Downtown Redevelopment Incentive Program, 2.) Carson Street Infrastructure, 3.) Street Life Program, and 4.) Arts & Culture Assistance. The projects undertaken in Area No. 1 have been funded using the property tax increment revenues on a pay-as-you-go basis or to finance bonds. There are also several ongoing projects in the South Carson Street Area No. 2 in the following areas: 1.) Reuse of the vacant WalMart building with a Burlington Coat Factory and Sportsmen's Warehouse, 2.) Casino Fandango, Galaxy Theater, and Marriott Hotel projects, 3.) New Toyota dealership, and 4.) New Subaru Honda, and Chevrolet dealerships. The projects in Area No. 2 have been financed primarily using General Fund revenue and sales tax increment revenue. See the Carson City response for additional detail on the projects undertaken in Area No. 1 and Area No. 2 along with the private and public sector investment and the source of the public funds. | The base assessed value in Area No. 1 was approximately \$42.5 million in 1985-86 and is now approximately \$83.7 million in 2008-09. The base assessed value in Area No. 2 was approximatey \$48.2 million in 2004-05 and is now approximately \$93.1 million in 2008-09. |
| <b>CHURCHILL COUNTY</b> |      |  |  |  |
| 271A                    | TID  | No   |  |  |
| 278C                    | TIA  | No   |  |  |
| 279                     | RDA  | No   |  |  |
| <b>CLARK COUNTY</b>     |      |  |  |  |
| 271A                    | TID  | No   |  |  |
| 278C                    | TIA  | No   |  |  |
| 279                     | RDA  | Clark County created a redevelopment agency in August 2003. However, as a relatively new venture for Clark County, the redevelopment agency has yet to undertake any significant projects and has engaged primarily in planning efforts. The Board of County Commissioners considered an item on its January 20, 2009, agenda dealing with the current financial status of the redevelopment agency. | The agency is currently in the process of negotiating for the acquisition of certain parcels in the area comonly known as Commercial Center, but in the event that the parcels are acquired, there are no concrete plans for the disposition of the parcels.   | The Clark County Redevelopment Agency received approximatey \$11.0 million in FY 2007-08 from the property tax revenues derived from the incremental assessed value. The RDA had an ending fund balance of approximately \$22.8 million at the end of FY 2007-08.          |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)

TIA = Tax Increment Area

RDA = Redevelopment Area

| NRS                     | TYPE | USED BY LOCAL GOVERNMENT  | TYPE OF PROJECT  | ADDITIONAL INFORMATION PROVIDED   |
|-------------------------|------|---|--|---|
| <b>DOUGLAS COUNTY</b>   |      |   |  |   |
| 271A                    | TID  | No  |  |   |
| 278C                    | TIA  | No  |  |   |
| 279                     | RDA  | Douglas County Redevelopment Agency was created in September 1997 by the Douglas County Commission. | The Douglas County Redevelopment Agency has undertaken several different projects since the Redevelopment Area was established. Since 1999, the agency's portion of total cost of projects funded with property tax increment revenue totals approximately \$11.1 million. These projects were funded either on a pay-as-you-go basis or to repay funds borrowed from Douglas County (versus selling bonds). The agency currently has approximately \$6.7 million in outstanding loans to be repaid to Douglas County. The use of the redevelopment provisions in NRS 279 have allowed Douglas County to bring significant retail activity and jobs, such as Home Depot, Target, Staples in the North Valley Plaza and Best Buy, Borders, In & Out, and other stores to the Carson Valley Plaza. See the Douglas County response for information on projects assisted by property tax increment financing in Douglas County. | The original base assessed value was approximately \$19.5 million and the additional assessed value added to projects in the Redevelopment Area is approximately \$102.3 million. |
| <b>ELKO COUNTY</b>      |      |   |  |   |
| 271A                    | TID  | No  |  |   |
| 278C                    | TIA  | No  |  |   |
| 279                     | RDA  | No  |  |   |
| <b>ESMERALDA COUNTY</b> |      |   |  |   |
| 271A                    | TID  | No  |  |   |
| 278C                    | TIA  | No  |  |   |
| 279                     | RDA  | No  |  |   |
| <b>EUREKA COUNTY</b>    |      |   |  |   |
| 271A                    | TID  | No  |  |   |
| 278C                    | TIA  | No  |  |   |
| 279                     | RDA  | No  |  |   |
| <b>HUMBOLDT COUNTY</b>  |      |   |  |   |
| 271A                    | TID  | No  |  |   |
| 278C                    | TIA  | No  |  |   |
| 279                     | RDA  | No  |  |   |
| <b>LANDER COUNTY</b>    |      |   |  |   |
| 271A                    | TID  | Did Not Respond   |  |   |
| 278C                    | TIA  |   |  |   |
| 279                     | RDA  |   |  |   |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)

TIA = Tax Increment Area

RDA = Redevelopment Area

| NRS                    | TYPE | USED BY LOCAL GOVERNMENT | TYPE OF PROJECT | ADDITIONAL INFORMATION PROVIDED |
|------------------------|------|--------------------------|-----------------|---------------------------------|
| <b>LINCOLN COUNTY</b>  |      |                          |                 |                                 |
| 271A                   | TID  | Did Not Respond          |                 |                                 |
| 278C                   | TIA  |                          |                 |                                 |
| 279                    | RDA  |                          |                 |                                 |
| <b>LYON COUNTY</b>     |      |                          |                 |                                 |
| 271A                   | TID  | No                       |                 |                                 |
| 278C                   | TIA  | No                       |                 |                                 |
| 279                    | RDA  | No                       |                 |                                 |
| <b>MINERAL COUNTY</b>  |      |                          |                 |                                 |
| 271A                   | TID  | No                       |                 |                                 |
| 278C                   | TIA  | No                       |                 |                                 |
| 279                    | RDA  | No                       |                 |                                 |
| <b>NYE COUNTY</b>      |      |                          |                 |                                 |
| 271A                   | TID  | No                       |                 |                                 |
| 278C                   | TIA  | No                       |                 |                                 |
| 279                    | RDA  | No                       |                 |                                 |
| <b>PERSHING COUNTY</b> |      |                          |                 |                                 |
| 271A                   | TID  | No                       |                 |                                 |
| 278C                   | TIA  | No                       |                 |                                 |
| 279                    | RDA  | No                       |                 |                                 |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)  
TIA = Tax Increment Area  
RDA = Redevelopment Area

| NRS                         | TYPE                       | USED BY LOCAL GOVERNMENT  | TYPE OF PROJECT  | ADDITIONAL INFORMATION PROVIDED   |
|-----------------------------|----------------------------|---|--|---|
| <b>STOREY COUNTY</b>        |                            |   |  |   |
| 271A                        | TID                        | No  |  |   |
| 278C                        | TIA                        | No  |  |   |
| 279                         | RDA                        | No  |  |   |
|                             | Public/Private Partnership | Storey County has participated with developers of the Tahoe-Reno Industrial Center (TRI) in a public-private partnership for almost ten years. Although the government contracts and agreements are complex, they essentially state that Storey County will reimburse the developers for infrastructure costs incurred for items such as interchanges, roads, railroads, public safety complexes, and flood control management. | The source of repayment is net revenues realized from the development and build-out of the industrial center. Storey County is responsible for separately recording certain revenues and expenses directly attributable to the projects in the TRI, approving reimbursable costs and determining annual net revenue. Net revenue must exceed \$5 million before any reimbursements are made to TRI for project-related infrastructure costs. Once the \$5 million net revenue threshold is met, the county must reimburse TRI developers for outstanding approved vouchers up to 35% of the annual net revenue. The final payback amount is estimated to be approximately \$100 million and may take Storey County decades to complete the reimbursement payments to the developers. | In determining net revenue, the revenue includes taxes and fees recorded by the county for project-related sources, but does not include portions of any tax which are not actually distributed to the county or are dedicated revenue for earmarked programs not associated with the TRI project. Expenses used to calculate net revenue include the county's expenditures for the operation, maintenance, repair or construction of infrastructure, and other services attributable to the TRI project. |
| <b>WASHOE COUNTY</b>        |                            |   |  |   |
| 271A                        | TID                        | No  |  |   |
| 278C                        | TIA                        | No  |  |   |
| 279                         | RDA                        | No  |  |   |
| <b>WHITE PINE COUNTY</b>    |                            |   |  |   |
| 271A                        | TID                        | No  |  |   |
| 278C                        | TIA                        | No  |  |   |
| 279                         | RDA                        | No  |  |   |
| <b>CITIES</b>               |                            |   |  |   |
| <b>BOULDER CITY (CLARK)</b> |                            |   |  |   |
| 271A                        | TID                        | No  |  |   |
| 278C                        | TIA                        | No  |  |   |
| 279                         | RDA                        | Boulder City created an RDA in 1999 and the program administration costs of the RDA are funded with tax increment revenue generated from the redevelopment area.  | The Boulder City RDA has not used bond financing to fund projects undertaken in the RDA as all projects have been financed on a pay-as-you-go basis. Since 2000, \$25 million in private funds and \$3.2 million in public funds have been invested in projects in the redevelopment area.   | The projects undertaken in the RDA have increased the assessed value from the base value of \$27.4 million in 1999 to current assessed value of \$92.5 million for FY 2009.   |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)

TIA = Tax Increment Area

RDA = Redevelopment Area

| NRS                       | TYPE                 | USED BY LOCAL GOVERNMENT                                  | TYPE OF PROJECT   | ADDITIONAL INFORMATION PROVIDED  |
|---------------------------|----------------------|---|---|--|
| <b>ELKO (ELKO)</b>        |                      |   |   |  |
| 271A                      | TID                  | No  |   |  |
| 278C                      | TIA                  | No  |   |  |
| 279                       | RDA                  | Elko Redevelopment Area established on February 12, 2008. | Due to the recent establishment of the redevelopment plan for the Redevelopment Area, no specific projects have been identified at this point in time.  | The net assessed value for property within the Redevelopment Area for 2007 was \$32,904,846. As no projects have been completed, no additional assessed value can be attributed to the development of projects using public revenue financing options. |
| 360.750                   | Economic Development |   | In 2008, the City of Elko issued letter of acknowledgement to the Commission on Economic Development regarding abatement of sales tax, modified business tax, and personal property tax for a qualifying business (RAM Enterprises). RAM Enterprises is constructing a larger facility within the Redevelopment Area, qualifying for a total abatement of \$105,885 with the City of Elko portion amounting to \$23,540 over a ten-year period. |  |
| <b>FALLON (CHURCHILL)</b> |                      |   |   |  |
| 271A                      | TID                  | No  |   |  |
| 278C                      | TIA                  | No  |   |  |
| 279                       | RDA                  | No  |   |  |
| <b>FERNLEY (LYON)</b>     |                      |   |   |  |
| 271A                      | TID                  | No  |   |  |
| 278C                      | TIA                  | No  |   |  |
| 279                       | RDA                  | No  |   |  |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)

TIA = Tax Increment Area

RDA = Redevelopment Area

| NRS                      | TYPE | USED BY LOCAL GOVERNMENT  | TYPE OF PROJECT   | ADDITIONAL INFORMATION PROVIDED  |
|--------------------------|------|---|---|--|
| <b>HENDERSON (CLARK)</b> |      |   |   |  |
| 271A                     | TID  | No  |   |  |
| 278C                     | TIA  | The City of Henderson has created a Tax Increment Area associated with the Nevada State College for the development of projects as authorized in S.B. 374 (2007 Session).   | The details of the projects that will be considered in this TIA are still being determined and an analysis is being conducted as part of developing the Campus Master Plan.   |  |
| 279                      | RDA  | The City of Henderson Redevelopment Agency has used the provisions authorized in statute for development areas to undertake and complete several different projects and functions. Please see the City of Henderson response and attachments for additional information and details regarding the various projects that used property tax increment financing.  | The City of Henderson Redevelopment Agency uses the provisions of NRS 279 to assist in the financing or development of projects related to retail, mixed-use, low-income housing, façade improvement loans, Homeowner Assistance Program, and other programs and functions. The City of Henderson Redevelopment Agency's document that provides detailed information on the numerous projects and functions undertaken by the agency in the redevelopment area is provided in the Appendix.                             |  |
| <b>LAS VEGAS (CLARK)</b> |      |   |   |  |
| 271A                     | TID  | Currently, there are no TID's in the City of Las Vegas. The city has a Disposition and Development Agreement (DDA) with the developer CIM to support a possible first TID in the city for the new development of city-owned lands surrounding the Old Post Office which will become the Las Vegas Museum of Law Enforcement and Organized Crime. Per the DDA, the land will be developed as a mixed-use retail center, commercial towers that could be hotels and structured parking. The CIM TID will seek approvals during the 2009 before the current October 2009 sunset in NRS for including a TID within and RDA. |   |  |
| 278C                     | TIA  | No  |   |  |
| 279                      | RDA  | The Las Vegas Redevelopment Agency was formed on March 5, 1986, and has created only one redevelopment area, which has been amended over time to increase its total area. See the response provided by the City of Las Vegas for an overview structure and operations of the Las Vegas Redevelopment Agency.  | The Las Vegas Redevelopment Agency has undertaken several projects using the financing provisions allowed in NRS, such as: 1.) Freemont Street Parking Garage, 2.) Homeless Shelters and Affordable Housing, 3.) Charleston Plaza Mall, 4.) Chelsea Premium Outlet, 5.) Molasky GSA/IRS Building, 6.) World Market Center, and 7.) Allure Tower. See the response provided by the City of Las Vegas for additional detail on these projects regarding the amount of private/public investment and the public financing. | The assessed value of the core of the redevelopment area when created in 1986 was \$398.4 million. Based on the projects undertaken in the area, the assessed value was approximately \$1.4 billion in 2008. |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)

TIA = Tax Increment Area

RDA = Redevelopment Area

| NRS                            | TYPE | USED BY LOCAL GOVERNMENT   | TYPE OF PROJECT   | ADDITIONAL INFORMATION PROVIDED   |
|--------------------------------|------|--|---|---|
| <b>MESQUITE (CLARK)</b>        |      |  |   |   |
| 271A                           | TID  | No   |   |   |
| 278C                           | TIA  | No   |   |   |
| 279                            | RDA  | The City of Mesquite created an RDA on February 25, 1995. Since its creation, several projects have been undertaken to expand and enhance the retail and commercial component of the City of Mesquite.   | The RDA has entered into financing agreements for the funding of major projects to promote development conducive to upgrades, renovations, land acquisition, main street and other street improvements to stimulate and attract commercial viability in the core downtown business district and adjacent properties to increase cultural, recreation and education opportunities. See the City of Mesquite response for additional information on the projects undertaken, the project cost, and amount financed by the RDA.  | The base assessed value in the RDA when it was created in 1995 was approximately \$42.2 million and is now approximately \$267.3 million in FY 2008-09.                                   |
| <b>NORTH LAS VEGAS (CLARK)</b> |      |  |   |   |
| 271A                           | TID  | Although the City of North Las Vegas currently has no STAR bond projects, in order to be prepared for the possibility that the city could be approached by parties interested in using the STAR bond program, the city council adopted qualification criteria regarding their approval and use. The policy is that any applicant requesting the use of STAR bonds must demonstrate how they meet all the criteria prior to an item being placed on a city council agenda for discussion and possible actions. See the Attachment A in the response from the City of North Las Vegas. |   |   |
| 278C                           | TIA  | No   |   |   |
| 279                            | RDA  | The City of North Las Vegas has established a redevelopment agency which has created two redevelopment areas: Downtown Development Area in 1990 and North Redevelopment Area in 1999   | In 2007, the 89,000 square foot Cheyenne Pointe neighborhood shopping center was completed in partnership with Montecito Companies. The redevelopment agency contributed approximately \$400,000 on one-time development funds in return for Montecito agreeing to construct the \$22 million shopping center, which was a ratio of \$55 of private sector investment for every \$1 of public funds. The estimated assessed value of the project's land was originally less than \$25,000, but the current assessed value is \$993,568, since the completion of the Cheyenne Pointe shopping center. The shopping center created approximately 425 jobs and includes a grocery store for the residents of the neighborhood. Due to the new property taxes generated, the redevelopment agency estimates it will recapture its entire public investment within two years. See response from City of North Las Vegas for additional information on the Cheyenne Pointe shopping center project. | The redevelopment agency in the City of North Las Vegas has established a target of \$10 of private sector investment for every \$1 of public sector funds on all redevelopment projects. |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)  
TIA = Tax Increment Area  
RDA = Redevelopment Area

| NRS  | TYPE                 | USED BY LOCAL GOVERNMENT   | TYPE OF PROJECT  | ADDITIONAL INFORMATION PROVIDED  |
|--|----------------------|--|--|--|
| <b>NORTH LAS VEGAS (CLARK) - Continued</b> |                      |  |  |  |
| 279  | RDA                  | The City of North Las Vegas has established a redevelopment agency which has created two redevelopment areas: Downtown Development Area in 1990 and North Redevelopment Area in 1999.  | In 2009, the redevelopment agency will likely consider the Las Flores shopping center project. The project is anticipated to generate \$100 million in new private sector investment and is estimated to create 400 temporary construction jobs and 722 new permanent jobs with an estimated payroll of approximately \$16 million per year. The project is envisioned to provide severely needed services to an underserved portion of the downtown where residents find it difficult to obtain necessary goods and services due to low income levels and lack of transportation. See response from City of North Las Vegas for additional information on the Las Flores shopping center project.   | The North Las Vegas Redevelopment Agency operates a façade improvement program, which uses public funds to match local business investment to improve the exterior of their business buildings in an ongoing effort to eliminate blight and deterioration. |
| 360.750                                    | Economic Development | The City of North Las Vegas has projects in their city that have been granted abatement or deferral of taxes by the Commission on Economic Development.  | The latest prospect is GE Transportation, which is an industrial facility that will remanufacture and modernize rail wheels for sale and lease and received NCED approval on April 16, 2008. To receive the abatements, the company is estimated to make capital expenditures of approximately \$3.1 million with 66 full-time employees at annual wage of approximately \$41,000 along with a full benefits package. The company was approved by NCED for sales and use tax abatement of \$179,515; sales and use tax deferral of \$62,440; and modified business tax abatement of \$16,490. The company was projected to create a five-year payroll impact of approximately \$24.7 million, a five-year economic impact of approximately \$128.3 million, and a five-year tax revenue impact of approximately \$3.1 million. | There are no buildings in the North Las Vegas Redevelopment Area receiving any partial abatement of taxes under the economic development provisions of NRS 360.750.  |
| <b>RENO (WASHOE)</b>                       |                      |  |  |  |
| 271A                                       | TID                  | The City of Reno created the Cabela's STAR bond district in 2006.  | The City of Reno has issued bonds totalling \$34.7 million payable from the pledge of 75 percent of the sales and use tax paid from retail sales in TID. See the City of Reno response for additional information on the Cabela's STAR bond district (TID).  | The Cabela's TID created 250 permanent jobs.   |
| 278C                                       | TIA                  | No   |  |  |
| 279  | RDA                  | The Reno Development Agency (RDA) was created in 1983. The Redevelopment Project Area No. 1 (RDA1), created in 1983, consists of the downtown core area. Redevelopment Project Area No. 2 (RDA2), created in 2005, consists of a number of non-contiguous areas of the city. | The AAA baseball stadium project is located in RDA1 and is currently the largest project in the redevelopment area. See the City of Reno response for additional information on the baseball stadium project in RDA1.  |  |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)

TIA = Tax Increment Area

RDA = Redevelopment Area

| NRS                    | TYPE | USED BY LOCAL GOVERNMENT  | TYPE OF PROJECT   | ADDITIONAL INFORMATION PROVIDED   |
|------------------------|------|---|---|---|
| <b>SPARKS (WASHOE)</b> |      |   |   |   |
| 271A                   | TID  | On July 23, 2007, the City of Sparks created a Tourism Improvement District (TID) for the Legends at the Sparks Marina Project. The first phase of the project was completed when the Scheels All Sports store opened on September 27, 2008. See the City of Sparks response for additional information on the TID created for the Legends at the Sparks Marina Project.  | The City of Sparks has committed to issue STAR bonds yielding net proceeds of \$156.66 million which will be repaid from the pledge of 75% of the sales tax collections generated from retail activity in the TID. The proceeds of the bonds will be used to reimburse the developer (RED Development) for a portion of the construction costs related to the Scheels store. To date, the city has issued \$83.29 million of STAR bonds for Phase I of the project: \$23.8 million (at 6.5%) due June 15, 2020, and \$59.4 million (at 6.75%) due June 15, 2028. The city intends to issue additional STAR bonds to fund remaining Phase I costs and Phase II construction costs. In addition to the STAR bonds, the redevelopment agency of the City of Sparks has issued \$12.7 million of tax increment revenue bonds yielding a net amount of \$9.25 million to purchase land for an arena, public art, common areas, and landscaping: \$5.28 million (at 6.4%) due June 1, 2020, and \$7.42 million (6.7%) due June 1, 2028. | The Legends at the Sparks Marina project is intended to include the Olympia Hotel/Casino, with a projected total cost of \$160 million for Stage 1 of the hotel/casino project, but no STAR bonds proceeds are being used in the construction of the hotel/casino phase of the project. The City of Sparks reports that the total private sector contributions by RED Development and other private sector sources are over \$911.4 million and the public investment in the project is equivalent to an additional 19%.    |
| 278C                   | TIA  | The City of Sparks created the Kiley Ranch Tax Increment Area on February 11, 2008.   | The city has also entered into a formation agreement with Kiley Ranch Communities, in which, the city agreed to issue bonds to provide financing for the construction or acquisition of certain public improvements as provided in NRS 278C.140. However, there is insufficient tax increment revenue to support a bond issue to date.  | The base year assessed value for the Kiley Ranch Tax Increment Area was \$13.0 million and the current incremental assessed value is approximately \$6.4 million.   |
| 279                    | RDA  | The City of Sparks Redevelopment Agency has created two redevelopment areas: 1.) Town Center Redevelopment Area No. 1 which includes Victorican Square, and 2.) Town Center Redevelopment Area No. 2 which includes Marina Village. See the City of Sparks response for additional information on the projects and functions of the two development areas that have been created in Sparks by its redevelopment agency. | The Town Center Redevelopment Area No. 1 (Area 1) was created in 1978 and has utilized property tax increment revenues to acquire property and finance numerous public improvements and programs designed to eliminate blight and improve downtown Sparks and surrounding neighborhoods. The redevelopment agency's current primary goal for Area 1 is the implementation of the Victorian Square Development Plan, adopted as an amendment to the Town Center Redevelopment Plan in 2005. The anticipated private investment in the project is expected to total \$80-\$100 million. The agency also expects to provide tax increment property tax revenues on a pay-as-you-go basis for construction of public improvements and to facilitate private investment. The expenditures from public funds are expected to total \$3 to \$5 million through 2023, when the Area 1 redevelopment area will terminate.  | The current annual debt service for bonds financed with property tax increment revenue is \$2.6 million per year. Due to the current situation and a requirement to have a 1.5 times debt coverage ratio, it has not been possible to issue any additional debt for Area 1 and has been limited to financing new operations or investments on a pay-as-you-go basis. The base year assessed value for Area 1 was approximately \$35.3 million and the current assessed value for the area is approximately \$139.5 million. |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)  
TIA = Tax Increment Area  
RDA = Redevelopment Area

| NRS                              | TYPE                   | USED BY LOCAL GOVERNMENT   | TYPE OF PROJECT  | ADDITIONAL INFORMATION PROVIDED   |
|----------------------------------|------------------------|--|--|---|
| <b>SPARKS (WASHOE) continued</b> |                        |  |  |   |
| 279                              | RDA                    | The City of Sparks Redevelopment Agency has created two redevelopment areas: 1.) Town Center Redevelopment Area No. 1 which includes Victorican Square, and 2.) Town Center Redevelopment Area No. 2 which includes Marina Village. See the City of Sparks response for additional information on the projects and functions of the two development areas that have been created in Sparks by its redevelopment agency.  | The Town Center Redevelopment Area No. 2 (Area 2) was created in 1999 which is comprised of three noncontiguous areas includes the Sparks Marina area. The Marina Village Project is a mixed-use project with single- and multi-family homes as well as retail and office uses. The project developer built public improvements and public infrastructure and will be reimbursed for approximately \$5.0 million for the cost of the improvements and infrastructure put in place. The reimbursements will be in six progressive payments based on the expected tax increment to be generated by the project as it is completed. | Three of the six payments have been made to date, leaving approximately \$2.4 million to be paid with completion of the project and final payments expected by 2012. The Area 2 redevelopment area is scheduled to terminate in 2029. |
| <b>WELLS (ELKO)</b>              |                        |  |  |   |
| 271A                             | TID                    |  |  |   |
| 278C                             | TIA                    |  |  |   |
| 279                              | RDA                    |  |  |   |
| <b>WEST WENDOVER (ELKO)</b>      |                        |  |  |   |
| 271A                             | TID                    | No   |  |   |
| 278C                             | TIA                    | No   |  |   |
| 279                              | RDA                    | No   |  |   |
| 268.048                          | Industrial Development | <i>Nevada Revised Statutes</i> 268.048 allows a city in a county with a population less than 15,000, upon making a finding that a city industrial park is necessary to meet the needs of the city and no private enterprise has presented an acceptable proposal for industrial development, may develop a plan and establish requirements for the acquisition, sale, or lease of real property by the city for industrial development. The City of West Wendover also uses the provisions granted in NRS 277.050 that allow the city to sell or exchange real property to other federal, state, or local government entities. | Over the last 18 months, the City of West Wendover sold approximately 7 acres of land under public auction. The proceeds from the land auction were used to aid in the construction of a 30-acre improved industrial/logistics park that was completed in September 2008.  |   |

**OVERVIEW OF LOCAL GOVERNMENT USE OF TOURISM IMPROVEMENT DISTRICTS, TAX INCREMENT AREAS, REDEVELOPMENT AREAS, AND OTHER PROGRAMS  
FOR ECONOMIC DEVELOPMENT USING TAX INCREMENT FINANCING OR OTHER PUBLIC REVENUE**

TID = Tourism Improvement District (STAR Bond District)

TIA = Tax Increment Area

RDA = Redevelopment Area

| NRS                          | TYPE                 | USED BY LOCAL GOVERNMENT   | TYPE OF PROJECT | ADDITIONAL INFORMATION PROVIDED |
|------------------------------|----------------------|--|-----------------|---------------------------------|
| <b>WINNEMUCCA (HUMBOLDT)</b> |                      |  |                 |                                 |
| 271A                         | TID                  | No   |                 |                                 |
| 278C                         | TIA                  | No   |                 |                                 |
| 279                          | RDA                  | No   |                 |                                 |
| 360.750                      | Economic Development | During the past ten years, the City of Winnemucca has had only two development projects that have been granted abatements or deferrals for sales tax, modified business tax, and property tax by the Commission on Economic Development. See the City of Winnemucca response for details on the approved amount of tax abatements/deferrals for sales tax, MBT, and personal property tax. |                 |                                 |
| <b>YERINGTON (LYON)</b>      |                      |  |                 |                                 |
| 271A                         | TID                  | No   |                 |                                 |
| 278C                         | TIA                  | No   |                 |                                 |
| 279                          | RDA                  | No   |                 |                                 |

## **XII. APPENDIX A – SALES AND USE TAX EXEMPTIONS (STATUTES)**

1. **Certain Amounts Not Considered as Gross Revenue** – The following do not constitute gross revenue subject to the sales tax:
  - a. Cash discounts allowed and taken on sales.
  - b. The sale price of property returned by customers when the full sale price is refunded either in cash or credit, unless the customer must purchase other property at a price greater than the amount charged for the property that is returned in order to obtain the refund.
  - c. The price received for labor or services used in installing or applying the property sold.
  - d. The amount of any tax imposed by the United States government upon or with respect to retail sales, exclusive of excise taxes upon manufacturers or importers.
  - e. The amount of used vehicle trade-in allowance given by a retailer against the purchase price of another vehicle. **NRS 372.025**
2. **Items Upon Which Tax Is Prohibited by State or Federal Constitution or by Federal Statute** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property the gross receipts from the sale of which, or the storage, use or other consumption of which, this state is prohibited from taxing under the Constitution or laws of the United States or under the constitution of this state. **NRS 372.265**
3. **Proceeds of Mines** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, the proceeds of mines that are subject to taxes levied pursuant to Chapter 362 of NRS. **NRS 372.270**
4. **Fuel Used to Propel Motor Vehicles** – Gross receipts from the sale and distribution of, and the storage, use or other consumption in this state of, any combustible gas, liquid or material of a kind used in an internal or combustion or diesel engine for the generation of power to propel a motor vehicle on the highways. **NRS 372.275**
5. **Animals and Plants Intended for Human Consumption and Feed and Fertilizer** – Gross receipts from sales of, and the storage, use and other consumption of:
  - a. Any form of animal life of a kind the products of which ordinarily constitute food for human consumption;

- b. Feed for any form of animal life of a kind the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business;
  - c. Seeds and annual plants the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business; or
  - d. Fertilizer to be applied to land the products of which are to be used as food for human consumption or sold in the regular course of business. **NRS 372.280**
- 6. Farm Machinery and Equipment** – The gross receipts from the sales, storage, use or other consumption of farm machinery or equipment, except for:
- a. Vehicles required to be registered under Chapters 482 or 706 of NRS; or
  - b. Machinery or equipment only incidentally employed for agricultural purposes. **NRS 372.281**
- 7. Certain Medical Supplies and Medicines** – The gross receipts from the sales and the storage, use or other consumption of:
- a. Prosthetic devices, orthotic appliances, and ambulatory casts for human use;
  - b. Appliances and supplies relating to an ostomy;
  - c. Products for hemodialysis; or
  - d. Medicines:
    - (1) Prescribed for the treatment of a human being by a person authorized to prescribe medicines, and dispensed on a prescription filled by a registered pharmacist in accordance with law;
    - (2) Furnished by a licensed physician, dentist or podiatrist to his own patient for the treatment of the patient;
    - (3) Furnished by a hospital for treatment of any pursuant to the order of a licensed physician, dentist, podiatrist; or
    - (4) Sold to a licensed physician, dentist, podiatrist or hospital for the treatment of a human being. **NRS 372.283**
- 8. Food for Human Consumption** – Gross receipts from sales and the storage, use or other consumption of food for human consumption, not including alcoholic beverages, pet foods, tonics and vitamins, or prepared food intended for immediate consumption. **NRS 372.284 (See also NRS 372.2841)**

9. **Food Sold to Students or Teachers by Schools or Organizations of Students, Parents, or Teachers** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, meals and food products for human consumption served by public or private schools, school districts, student organizations and parent-teacher associations to the students or teachers of a school. **NRS 372.285**
10. **Textbooks Sold Within NSHE** – Gross receipts from the sale of textbooks sold within the Nevada System of Higher Education. **NRS 372.287**
11. **Containers** – Gross receipts from the sales of, and the storage, use or other consumption in this state of:
  - a. Nonreturnable containers when sold without the contents to persons who place the contents in the container and sell the contents together with the container;
  - b. Containers when sold with the contents if the sales price of the contents is not required to be included in the measure of the taxes imposed by this chapter; or
  - c. Returnable containers when sold with the contents in connection with a retail sale of the contents or when resold for refilling. **NRS 372.290**
12. **Gas, Electricity, and Water** – Gross receipts from the sales, furnishing or service of, and the storage, use or other consumption in this state of gas, electricity and water when delivered to consumers through mains, lines or pipes. **NRS 372.295**
13. **Domestic Fuels** – Gross receipts from the sale, furnishing or service of, and the storage, use or other consumption in this state of, any matter used to produce domestic heat by burning, including, without limitation, wood, coal, petroleum and gas. **NRS 372.300**
14. **Public Works Contracts** – Gross receipts from the sale of, and the storage, use or other consumption in this state of tangible personal property used for the performance of a contract on public works executed prior to July 1, 1955. **NRS 372.305**
15. **Non-Public Works Contracts** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property used for the performance of a written contract entered into prior to March 29, 1955. **NRS 372.310**
16. **Newspapers** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, tangible personal property that becomes an ingredient or component part of any newspaper regularly issued at average intervals not exceeding one week and any such newspaper. **NRS 372.315**

- 17. Manufactured Homes and Mobile Homes** – Forty percent of the gross receipts from the sales and storage, use or other consumption of new manufactured homes and new mobile homes and all of the gross receipts from the sales and storage, use or other consumption of used manufactured homes and used mobile homes for which sales and use taxes have been paid as a result of a previous sales, storage, use or consumption. **NRS 372.316**
- 18. Aircraft and Major Components of Aircraft** – Gross receipts from the sale, and the storage, use or other consumption in this state of:
- a. Aircraft, aircraft engines and component parts of aircraft engines which are manufactured exclusively for use in aircraft, sold or purchased for lease to a commercial air carrier for use in transportation of persons or property in intrastate, interstate or foreign commerce pursuant to a certificate or license to the air carrier authorizing such transportation.
  - b. Machinery, tools and other equipment and parts that are used exclusively in the repair, remodeling or maintenance of aircraft, aircraft engines or component parts of aircraft or aircraft engines. **NRS 372.317**

See also NRS 372.726, which prohibits the Department of Taxation from enforcing any restriction on the applicability of the exemption provided therein which would violate the United States Constitution. Though this exemption was ruled to be unconstitutional, the exemption remains in statute as a result of the failure of Question 4 at the 2008 General Election.

- 19. Occasional Sales** – Gross receipts from occasional sales of tangible personal property and the storage, use or other consumption in this state of tangible personal property, the transfer of which to the purchaser is an occasional sale. **NRS 372.320**
- 20. Sales to U.S., State, or Political Subdivision** – Gross receipts from the sale of any tangible personal property to:
- a. The United States, its unincorporated agencies and instrumentalities;
  - b. Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States;
  - c. The state of Nevada, its unincorporated agencies and instrumentalities; or
  - d. Any county, city, district or other political subdivision of this state. **NRS 372.325**

- 21. Nonprofit Organization Created for Religious, Charitable, or Educational Purposes** – Gross receipts from the sale of, and the storage, use or other consumption in this state of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes. **NRS 327.326**
- 22. Loans or Donations to U.S., State, or Political Subdivisions or Religious or Eleemosynary Organizations** – Gross receipts from the storage, use or other consumption of tangible personal property any such property loaned or donated to:
- a. The United States, its unincorporated agencies and instrumentalities;
  - b. Any incorporated agency or instrumentality of the United States wholly owned by the United States or by a corporation wholly owned by the United States;
  - c. The state of Nevada, its unincorporated agencies and instrumentalities;
  - d. Any county, city, district or other political subdivision of this state; or
  - e. Any organization created for religious, charitable or eleemosynary purposes, provided that no part of the net earnings of any such organization inures to the benefit of any private shareholder or individual. **NRS 372.327**
- 23. Common Carriers** – The gross receipts from sales of tangible personal property to a common carrier, shipped by the seller via the purchasing carrier under a bill of lading whether the freight is paid in advance or the shipment is made freight charges collect, to a point outside this state and the property is actually transported to the out-of-state destination for use by the carrier in the conduct of its business as a common carrier. **NRS 372.330**
- 24. Property Shipped Outside State** – The gross receipts for any sale of tangible personal property which is shipped to a point outside this state pursuant to the contract of sale by delivery by the vendor to such point by means of:
- a. Facilities operated by the vendor;
  - b. Delivery by the vendor to a carrier for shipment to a consignee at such point; or
  - c. Delivery by the vendor to a customs broker or forwarding agent for shipment outside this state. **NRS 372.335**

25. **Personal Property Sold to Contractor Who Is Constituent Part of Governmental, Religious, or Charitable Entity** – Gross receipts from the sale of tangible personal property to and the storage, use or other consumption in this state of tangible personal property for a governmental, religious or charitable entity by a contractor who is a constituent part of a governmental, religious or charitable entity. **NRS 372.340**
  
26. **Property on Which Sales Tax Paid Is Exempt From Use Tax** – The storage, use or other consumption in this state of property, the gross receipts from the sale of which are required to be included in the measure of the sales tax. **NRS 372.345**

**XIII. APPENDIX B1 – PROPERTY TAX EXEMPTIONS GRANTED UNDER STATUTE FOR A PROPERTY’S ENTIRE ASSESSED VALUE**

- 1. Property of the United States** – All lands and other property owned by the United States, not taxable because of the Constitution or laws of the United States. **NRS 361.050**
- 2. Property of the State** – All lands and other property owned by the state, except real property acquired by the state of Nevada and assigned to the Division of Wildlife which is or was subject to taxation at the time of acquisition. **NRS 361.055**
- 3. Property of Local Governments** – All lands and other property owned by the Nevada Rural Housing Authority or any county, domestic municipal corporation, irrigation drainage or reclamation district or town in this state, except certain community pastures. **NRS 361.060**
- 4. Property of Privately-Owned Parks** – The real property and improvements of a privately-owned park that, pursuant to an agreement with a local government, are used by the public without charge, excluding areas from which income is derived. **NRS 361.0605**
- 5. Property of Privately-Owned Airports** – All property and improvements of a privately-owned airport that are used by the public without charge, including areas used for taking off, landing and taxiing, but excluding areas from which income is derived. **NRS 361.061**
- 6. Property of a Trust** – All property, both real and personal, of a trust created for the benefit and furtherance of any public function pursuant to the provisions of law, but moneys in lieu of taxes may be paid to the beneficiary pursuant to any agreement contained in the instrument creating the trust. **NRS 361.062**
- 7. School Property** – All lots, buildings and other school property owned by any legally created school district or charter school within the state and devoted to public school purposes. **NRS 361.065**
- 8. Vehicles** – All vehicles, except mobile homes, which constitute “real estate” or “real property.” **NRS 361.067. The exemption granted in this section for commercial helicopters meeting certain noise requirements expired effective June 30, 2007, pursuant to the provisions of Assembly Bill 335 of the 2003 Session.**

**9. Various Forms of Personal Property** – The following personal property:

- a. Personal property held for sale by a merchant.
- b. Personal property held for sale by a manufacturer.
- c. Raw materials and components held by a manufacturer for manufacture into products, and supplies to be consumed in the process of manufacture.
- d. Tangible personal property purchased by a business which will be consumed during the operation of the business.
- e. Livestock.
- f. Colonies of bees.
- g. Pipe and other agricultural equipment used to convey water for the irrigation of legal crops.
- h. All boats.
- i. Slide-in campers and camper shells.
- j. Fine art for public display (See NRS 361.186 and 361.187).
- k. Computers and related equipment donated for use in schools in this state.
- l. All personal property that is:
  - (1) Owned by a person who is not a resident of this state.
  - (2) Located in this state solely for the purposes of a display, exhibition, convention, carnival, fair or circus that is transient in nature. **NRS 361.068, subsection 1**

**10. Personal Property of Minimal Value** – The Nevada Tax Commission may exempt from taxation that personal property for which the annual taxes would be less than the cost of collecting those taxes. **NRS 361.068, subsection 2**

**11. Household Goods and Furniture** – Household goods and furniture, including clothing, personal effects, gold and silver, jewelry, appliances that are not attached to real property or a mobile or manufactured home, furniture, recreational equipment, and portable goods and storage sheds and other household equipment, except appliances and furniture owned by a person who engages in the business of renting the appliances or furniture to other persons are not exempt from taxation. **NRS 361.069**

**12. Drainage Ditches, Canals, and Irrigation Systems** – Drainage ditches and canals, together with the lands which are included in the rights of way of the ditch or canal and each part of a permanently installed irrigation system of pipes or

concrete linings of ditches and headgates to increase efficiency and conservation in the use of water, when the water is to be used for irrigation and agricultural purposes on land devoted to agricultural purposes by the owner of the pipes or concrete linings. **NRS 361.070**

- 13. Water Users' Nonprofit Associations and Cooperative Corporations** – All real and personal property of a water users' nonprofit association or of a water users' nonprofit cooperative corporation within the state of Nevada when used for carrying out the legitimate functions of such nonprofit association or of a water users' nonprofit cooperative corporation. **NRS 361.073**
- 14. Unpatented Mines and Mining Claims** – Unpatented mines and mining claims, but not possessory claims to the public lands of the United States or of this state, or improvements thereon, or the proceeds of the mines. **NRS 361.075**
- 15. Property Used to Control Pollution** – Real and personal property used as a facility, device or method for the control of air or water pollution, not including:
  - a. Air conditioners, septic tanks or other facilities for human waste, nor any property installed, constructed or used for the moving of sewage to the collection facilities of a public or quasi-public sewage system.
  - b. Any facility or device having a value of less than \$1,000 at the time of its construction, installation or first use.
  - c. Any facility or device which produces a net profit to the owner or operator thereof from the recovery and sale or use of a tangible product or byproduct, nor does it include a facility or device which, when installed and operating, results in a net reduction of operating costs. **NRS 361.077**
- 16. Low-Income Housing Projects** – That portion of real property and tangible personal property which is used for housing and related facilities for persons with low incomes if the portion of property qualifies as a low-income unit and is part of a qualified low-income housing project that is funded in part by federal money appropriated pursuant to 42 U.S.C. §§ 12701 et seq. for the year in which the exemption applies. **NRS 361.082**
- 17. Property Used for Relief of Orphans or of Sick, Infirm, or Indigent Persons** – The property on which stands a hospital or other charitable asylum for the care or relief of orphan children, or of sick, infirm or indigent persons, owned by a nonprofit corporation, and the buildings, while occupied for those purposes. **NRS 361.083**
- 18. Property for Housing Elderly or Handicapped Persons** – All real property and tangible personal property used exclusively for federally financed or nonprofit housing and related facilities for elderly or handicapped persons. **NRS 361.086**

19. **Residential Improvements to Remove Barriers to Persons with Disabilities** – Value added to a residence occupied by a person with a disability for improvements made to an existing building for the purpose of removing barriers to the movement, safety and comfort of a person with a disability. **NRS 361.087**
20. **Property of Nathan Adelson Hospice** – All real and personal property of the Nathan Adelson Hospice in the state of Nevada as long as it is used for carrying out the legitimate functions of a freestanding facility for hospice care. **NRS 361.088**
21. **Property of Charter Schools** – The portion of real and personal property leased or rented to a charter school for the use of the charter school. **NRS 361.096**
22. **Property of Charitable Foundations of NSHE** – All real and personal property owned by a charitable foundation established by the Board of Regents of the University of Nevada when it is used to carry out the legitimate functions of the foundation. **NRS 361.098**
23. **Property Leased or Rented to NSHE** – All real and personal property which is leased or rented to the Nevada System of Higher Education for total consideration which is less than ten percent of the fair market rental or lease value of the property. **NRS 361.099**
24. **Property of University Fraternities and Sororities** – All real property owned by any fraternity or sorority, or chapter thereof, which is composed of students of the University of Nevada, Reno, or the University of Nevada, Las Vegas, and used as a home for its members. **NRS 361.100**
25. **Property of Nonprofit Private Schools** – Nonprofit private schools, with lots appurtenant thereto and furniture and equipment. **NRS 361.105**
26. **Property of Certain Apprenticeship Programs** – The real and personal property of an apprenticeship program if the property is:
  - a. Held in a trust created pursuant to 29 U.S.C. § 186; or
  - b. Owned by a local or state apprenticeship committee and the apprenticeship program is:
    - (1) Operated by an organization which is qualified pursuant to 26 U.S.C. § 501(c)(3) or (5).
    - (2) Registered and approved by the state apprenticeship council pursuant to Chapter 610 of NRS. **NRS 361.106**

**27. Property of Pershing County Kids, Horses, Rodeo, Inc.** – All real and personal property of Pershing County Kids, Horses, Rodeo, Inc. in the state of Nevada that is used for the purpose of carrying out the legitimate functions of that organization. **NRS 361.107**

**28. Property of Various Nonprofit Organizations** – The buildings, with furniture and equipment, and the lots of ground on which they stand, used therewith and necessary thereto, of:

- a. The Nevada Museum of Art, Inc.
- b. The Boulder City Museum and Historical Association
- c. The Young Men’s Christian Association (YMCA)
- d. The Young Women’s Christian Association (YWCA)
- e. The American National Red Cross or any of its chapters in the state of Nevada
- f. The Salvation Army Corps
- g. The Girl Scouts of America
- h. The Camp Fire Girls, Inc.
- i. The Boy Scouts of America
- j. The Sierra Arts Foundation

If a rent or other valuable consideration is received for the use of the property of one of the organizations listed above, it must be taxed, unless the rent or other valuable consideration is paid or given by an organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c)(3). **NRS 361.110**

**29. Property of Archaeological Conservancy, Nature Conservancy, American Land Conservancy, and Nevada Land Conservancy** - All real property and improvements thereon acquired by the Archaeological Conservancy, Nature Conservancy, American Land Conservancy or Nevada Land Conservancy and held for ultimate acquisition by the state or a local governmental unit if:

- a. The state or a local governmental unit has agreed, in writing, that acquisition of the property will be given serious consideration.
- b. For property for which the state has agreed to give serious consideration to buying, the governing body of the county in which the property is located has approved the potential acquisition of the property by the state. **NRS 361.111**

**30. Property of Nevada Children’s Foundation, Inc.; Nevada Heritage Association, Inc.; and Habitat for Humanity International** – All real and personal property of the Nevada Children’s Foundation, Inc.; Nevada Heritage Association, Inc.; and Habitat for Humanity International within the state of Nevada, if it is used to carry out the legitimate functions of that organization. **NRS 361.115**

- 31. Property of Churches and Chapels** – Churches, chapels, other than marriage chapels, and other buildings used for religious worship, with furniture and equipment, and the lots of ground on which they stand, used therewith and necessary thereto, owned by some recognized religious society or corporation, and parsonages so owned. **NRS 361.125**
- 32. Public Cemeteries and Graveyards** – All cemeteries and graveyards set apart and used for and open to the public for the burial of the dead, when no charge is made for burial therein. **NRS 361.130**
- 33. Nonprofit Private Cemeteries and Places of Burial** – The cemetery lands and property of any nonprofit corporation governed by the provisions of Chapter 82 of NRS formed for the purposes of procuring and holding lands to be used exclusively for a cemetery or place of burial of the dead. The proprietors of lots or plats in such cemeteries, the heirs or devisees, may hold the lots or plats exempt in the same way so long as the lots or plats remain dedicated to the purpose of a cemetery. **NRS 361.132**
- 34. Property of Lodges and Other Charitable Organizations** – The value of funds, furniture, paraphernalia and regalia owned by any lodge of the Benevolent Protective Order of Elks, Fraternal Order of Eagles, Free and Accepted Masons, Independent Order of Odd Fellows, Knights of Pythias or Knights of Columbus, or by any similar charitable organization, or by the Lahontan Audubon Society, the National Audubon Society, Inc., of New York, the Defenders of Wildlife of the District of Columbia or any similar benevolent or charitable society, so long as the same shall be used for the legitimate purposes of such lodge or society or for such charitable or benevolent purposes. **NRS 361.135**
- 35. Property of Certain Charitable Corporations** – All buildings belonging to a charitable corporation, together with the land actually occupied by the corporation for the purposes described and the personal property actually used in connection therewith, to the extent they are used solely for the purpose of the charitable corporation. **NRS 361.140**
- 36. Property of Noncommercial Theaters** – The buildings, furniture and equipment of noncommercial theaters owned and operated by nonprofit educational corporations organized for the exclusive purpose of conducting classes in theater practice and the production of plays on a nonprofessional basis if the articles of incorporation state that the property for which the tax exemption is requested shall revert to the county in which it is located upon the cessation of the activities of the noncommercial theater. **NRS 361.145**
- 37. Property of Volunteer Fire Departments** – The real and personal property of organized and incorporated volunteer fire departments, unless it is used for any purpose other than carrying out the legitimate functions of such volunteer fire department. **NRS 361.150**

**38. Personal Property in Transit** – Personal property which is moving in interstate commerce through or over the territory of the state of Nevada or was consigned to a warehouse, public or private, within the state of Nevada from outside the state of Nevada for storage in transit to a final destination outside the state of Nevada, whether specified when transportation begins or afterward.

(Such property is not deprived of exemption because while in the warehouse the property is assembled, bound, joined, manufactured, processed, disassembled, divided, cut, broken in bulk, relabeled or repackaged, or because the property is being held for resale to customers outside the state of Nevada.) **NRS 361.160**



**XIV. APPENDIX B2 – PROPERTY TAX EXEMPTIONS GRANTED UNDER STATUTE FOR A PORTION OF A PROPERTY’S ASSESSED VALUE**

- 1. Radioactive Fallout Shelters** – Certain residential property to the extent of \$1,000 assessed valuation if the property contains a shelter for protection against radioactive fallout. **NRS 361.078**
- 2. Property of Surviving Spouses and Orphans** – The property of resident surviving spouses, not to exceed the amount of \$1,000 of assessed valuation, multiplied by the percentage change in the Consumer Price Index between July 2004 and the July preceding the fiscal year for which the adjustment is calculated. The exemption may only be claimed in one county, and may not be claimed following the remarriage of the surviving spouse. **NRS 361.080**
- 3. Property of Blind Persons** – The property of all blind residents, including community property (to the extent only of the blind person’s interest therein), not to exceed the amount of \$3,000 of assessed valuation, multiplied by the percentage change in the Consumer Price Index between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. The exemption may only be claimed in one county. **NRS 361.085**
- 4. Veterans’ Property** – The value of property of certain residents of the state who have served on active duty in the military or who are in actual military service, not to exceed the amount of \$2,000 of assessed valuation, multiplied by the percentage change in the Consumer Price Index between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. **NRS 361.090 (See also NRS 361.0905)**
- 5. Property of Veterans With Total Permanent Disabilities** – The value of property of a resident of the state of Nevada who has incurred a total permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of \$20,000 of assessed valuation, multiplied by the percentage change in the Consumer Price Index between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. **NRS 361.091**
- 6. Property of Veterans With Eighty to Ninety-Nine Percent Permanent Disabilities** – The value of property of a resident of the state of Nevada who has incurred a permanent service-connected disability of 80 to 99 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of \$15,000 of assessed valuation, multiplied by the percentage change in the Consumer Price Index between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. **NRS 361.091**

- 7. Property of Veterans With Sixty to Seventy-Nine Percent Permanent Disabilities** – The value of property of a resident of the state of Nevada who has incurred a permanent service-connected disability of 60 to 79 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of \$10,000 of assessed valuation, multiplied by the percentage change in the Consumer Price Index between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. **NRS 361.091**
  
- 8. Property of Veterans With Multiple Permanent Disabilities** – If a veteran or the surviving spouse of a veteran submits, as proof of disability, documentation that indicates a percentage of permanent service-connected disability for more than one permanent service-connected disability, the amount of the exemption must be based on the total of those combined percentages, not to exceed 100 percent. **NRS 361.091**
  
- 9. Property of Veterans' Organizations** – The value of funds, furniture, paraphernalia and regalia owned and used exclusively by any post of any national organization of ex-servicemen or ex-servicewomen for the legitimate purposes and customary objects of such posts, not to exceed the amount of \$10,000 of assessed valuation, multiplied by the percentage change in the Consumer Price Index between July 2003 and the July preceding the fiscal year for which the adjustment is calculated. Real property of any such organization is totally exempt. **NRS 361.095**

NOTE: Under NRS 361.1565, the personal property tax exemption to which a surviving spouse, orphan child, blind person, veteran or surviving spouse of a disabled veteran is entitled pursuant to NRS 361.080, 361.085, 361.090 or 361.091 is reduced to the extent that he is allowed an exemption from the governmental services tax pursuant to Chapter 371 of NRS.

## **XV. APPENDIX C – GOVERNMENTAL SERVICES TAX EXEMPTIONS**

- 1. Vehicles Owned by Government Entities** – Vehicles owned by the United States, the state of Nevada, any political subdivision of the state of Nevada, or any county, municipal corporation, city, unincorporated town, or school district in the state of Nevada. **NRS 371.100**
- 2. Vehicles Owned by Indian Tribes and Colonies** – Except for vehicles used for commercial purposes, vehicles owned by the governing body of an Indian reservation or Indian colony that is recognized by federal law, so long as the governing body is located on the reservation or colony. **NRS 371.100**
- 3. Vehicles Operated for the Transport of the Elderly or Handicapped** – Vehicles for whose operation money is provided by the state or federal government and which are operated solely for the transportation of or furnishing services to elderly or handicapped persons. **NRS 371.100**
- 4. Emergency Vehicles** – Emergency vehicles owned by any volunteer fire department or ambulance service in the state, so long as the vehicles are used exclusively for this purpose. **NRS 371.100**
- 5. Vehicles Used for Public Transportation** – Vehicles which are used by a private person and are dedicated for exclusive use as part of a system which operates vehicles for public transportation in an urban area; transports persons who pay the established fare; and uses public money to operate the system or acquire new equipment. **NRS 371.100**
- 6. Vehicles Registered by Surviving Spouse** – Vehicles registered by surviving spouses, not to exceed the amount of \$1,000 of determined valuation, multiplied by the percentage change in the Consumer Price Index between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. The exemption may only be claimed in one county, and may not be claimed following the remarriage of the surviving spouse, even if that subsequent marriage is annulled. **NRS 371.101**
- 7. Vehicles Registered by Blind Persons** – Vehicles registered by a blind person, not to exceed the amount of \$3,000 of determined valuation, multiplied by the percentage change in the Consumer Price Index between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. The exemption may only be claimed in one county. **NRS 371.102**

8. **Vehicles Registered by Veterans** – Vehicles registered by certain residents of the state who have served on active duty in the military or who are in actual military service, not to exceed the amount of \$2,000 of determined valuation, multiplied by the percentage change in the Consumer Price Index between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. **NRS 371.103**
9. **Vehicles Registered by Veterans With Total Permanent Disabilities** – Vehicles registered by a resident of the state of Nevada who has incurred a total permanent service-connected disability and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of \$20,000 of determined valuation, multiplied by the percentage change in the Consumer Price Index between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. **NRS 371.104**
10. **Vehicles Registered by Veterans With Eighty to Ninety-Nine Percent Permanent Disabilities** – Vehicles registered by a resident of the state of Nevada who has incurred a permanent service-connected disability of 80 to 99 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of \$15,000 of determined valuation, multiplied by the percentage change in the Consumer Price Index between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. **NRS 371.104**
11. **Vehicles Registered by Veterans With Sixty to Seventy-Nine Percent Permanent Disabilities** – The value of property of a resident of the state of Nevada who has incurred a permanent service-connected disability of 60 to 79 percent and has been honorably discharged from the Armed Forces of the United States, or his surviving spouse, not to exceed the amount of \$10,000 of determined valuation, multiplied by the percentage change in the Consumer Price Index between December 2003 and the December preceding the fiscal year for which the adjustment is calculated. **NRS 371.104**

# Carson City Response

| Fiscal Note - 1/5/09                               |                        |                         |  |                          |                          |                           |                  |   |   |
|--|------------------------|-------------------------|--|--------------------------|--------------------------|---------------------------|------------------|---|---|
| Carson City Redevelopment                          |                        |                         |  |                          |                          |                           |                  |   |   |
| Project Description                                | Project Beginning Date | Project Completion Date | Incentive Program  | Source of Public Revenue | Type of Public Financing | Private Sector Investment | Incentive Amount | Specifics   | Benefits  |
| <b>Downtown - Redevelopment Project Area No. 1</b> | <b>1986</b>            | <b>2031</b>             |  |                          |                          |                           |                  |   | <b>Revitalization of vacant, aging, dilapidated properties.</b>   |
| Downtown Redevelopment Incentive Program           | 4/1/1993               | On-going                | Building Improvement Program called our "Redevelopment Incentive Program." | Property tax             | Redevelopment bonds      | 18,450,000                | \$ 1,650,000     | The incentive program was limited to twenty percent (20%) of the total investment not to exceed a \$100,000 maximum incentive award. Once completed, our early projects spurred additional incentive applications and investment interest throughout the Downtown area. | In 1992, we had twenty-nine shut buildings in the Downtown surrounding the Capital Complex. The project area was in significant decay, economically and aesthetically. Since then we have completed thirty-two (32) projects over a 15 year period. Of course, the Ormsby House remains vacant, but the downtown corridor's business activity continues to improve and thrive. Our participation ratio of 16-1 exceeds the national average for private-public redevelopment projects. Plus, the indirect impact/attraction of additional investment of \$45,000,000 was spurred by our incentive program acting as the principal catalyst. "But-for" our involvement, little investment was forthcoming. |
| Carson Street Infrastructure                       | 1998                   | On-going                | Streetscape improvements   | Property tax             | Redevelopment bonds      |                           | \$ 1,300,000     | Sidewalk and street improvements to promote a balance between automobile & pedestrian, to increase customer traffic for our small businesses & to comply with ADA requirements.   | Better access to both sides of the street that invited property owner renewed investment, increased rents and attracted a better tenant mix.  |
| Street Life Program                                | 1998                   | on-going                | Special events support   | Property tax             | Pay-as-we-go             | \$14,000,000              | \$ 12,000,000    | Farmers Markets, Ice Rink, Concerts on the Legislative Lawn and so forth.   | Increased foot traffic and visitor counts in the Downtown. Estimate of 11,000,000 persons over 10 years generated a positive increase in food and beverage taxes of approximately 6.5 percent yearly.   |
| Arts & Culture Assistance                          | Ongoing                | Ongoing                 | Grant  | Property tax             | Redevelopment bonds      |                           | \$ 675,000       | Matching funds to acquire the historic St. Teresa Catholic Church and convert it into a concert hall.   | Arts and culture-related activities result in 47,500 additional visitors to Downtown Carson City in 2008 alone.   |

| Fiscal Note - 1/5/09  |                        |                         |  |                                |   |  |                  |  |  |
|---|------------------------|-------------------------|--|--------------------------------|---|--|------------------|--|--|
| Carson City Redevelopment   |                        |                         |  |                                |   |  |                  |  |  |
| Project Description   | Project Beginning Date | Project Completion Date | Incentive Program  | Source of Public Revenue       | Type of Public Financing                        | Private Sector Investment                        | Incentive Amount | Specifics  | Benefits   |
| <b>South Carson Street Redevelopment Project Area No. 2</b>   | 2004                   | 2034                    |  |                                |   |  |                  | Sales tax revenues provide approximately 40 percent of our general fund revenue. Retaining and growing our retail base are essential components of our economic development & redevelopment initiatives and the use of Redevelopment is our most effective tool. | This redevelopment project area was created to retain and attract auto dealerships, retail, lodging, gaming, and other commercial projects. To date the various projects have generated approximately \$1.5 million in new tax increment for the project area, along with \$2.2 million in new sales tax revenue revenues. Below are listed the most significant public-private projects since 2004 in this project area |
| Reuse of a vacant Wal-Mart big box building with a new Burlington Coat Factor and Sportsmen's Warehouse | 2008                   | 2009                    | Gap financing to ensure the developer's ROI (9 percent) was sufficient to seek private financing | General fund and tax increment | General fund subsidy and on-going tax increment | \$26,000,000                                     | \$ 4,500,000     | \$2,000,000 in revenues generated by landfill proceeds and \$180,000 per year for 15 year paid by tax increment.   | The new retailers will produce approximately \$750,000 per year in new sales tax revenues. This project prevented this shopping center from becoming blighted and run down. The other retailer in the center, JC Penny's was threatening to vacate unless something was done immediately. The in-line stores were mostly vacant and the remaining small businesses were struggling.                                      |
| Casino Fandango, Galaxy Theater and Marriott Hotel  | 2005                   | 2008                    | Street project   | tax increment reimbursement    | on-going tax increment                          | \$36,000,000. The street project was \$4,500,000 | \$ 375,000       | Joint project funded by RTC and the RDA to extend and improve Curry Street to benefit the new movie theater and the area in general.   | Catalyst for private investment throughout the project area, such as the Tahoe Quail Center.   |
| New Toyota dealership   | 2007                   | 2009                    | Land write-down  | General fund                   | Revenue bonds                                   | \$19,000,000                                     | \$3,600,000      | \$3,600,000 loan to be repaid with increased sales tax revenues over a 15 year period. Claw backs include liquidated damages to ensure that the dealerships remain in Carson City, and a recorded second on the property.  | The Campagni Auto Group generates approximately \$2,000,000 per year in sales tax. This is approximately 10 percent of our sales tax base. This was business retention project.  |

| <b>Fiscal Note - 1/5/09</b>  |                        |                         |                                 |   |                            |                           |   |   |  |
|--|------------------------|-------------------------|---------------------------------|---|----------------------------|---------------------------|---|---|--|
| <b>Carson City Redevelopment</b>   |                        |                         |                                 |   |                            |                           |   |   |  |
| Project Description  | Project Beginning Date | Project Completion Date | Incentive Program               | Source of Public Revenue                        | Type of Public Financing   | Private Sector Investment | Incentive Amount                                | Specifics   | Benefits   |
| New Subaru, Honda, and Chevrolet dealerships                               | 2008                   | 2009                    | 20 percent of the project costs | tax increment reimbursement to the general fund | on-going tax increment     | \$30,000,000              | \$4,800,000 commitment over two distinct phases | Public-private partnership with Hohl Auto Group to retain and grow our auto sales component of our retail mix. Mr. Hohl will build new Honda and Subaru stores and add Chevy to his General Motors line of dealerships on South Carson Street | The Hohl Auto Group generates approximately \$1,600,000 per year in sales tax. This is approximately 9 percent of our sales tax base. This was business retention project. |
| <b>Base ass'd values</b>   |                        |                         |                                 |   | <b>2008-09 ass'd value</b> |                           |   |   |  |
| <b>Downtown</b>  | 42,493,923 (85-86)     |                         |                                 |   |                            |                           |   | 83,701,273  |  |
| <b>South Carson</b>  | 48,201,114 (04-05)     |                         |                                 |   |                            |                           |   | 93,141,875  |  |
| Please note that no STAR bonds or tax increment areas exist in Carson City |                        |                         |                                 |   |                            |                           |   |   |  |
| January 28, 2009   |                        |                         |                                 |   |                            |                           |   |   |  |

# Clark County Response

**From:** [George Stevens](#)  
**To:** [Guindon, Russell;](#)  
**CC:** [Virginia Valentine;](#)  
**Subject:** Tax Abatements  
**Date:** Tuesday, January 13, 2009 1:44:33 PM  
**Attachments:**

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Greetings,

We are in receipt of your letter to County Manager Virginia Valentine regarding the above topic. We previously responded to a similar letter from Assemblywoman Kirkpatrick with our response directed to Susan Scholley. I will FAX you a copy of that response. There has been no change in the status of our Redevelopment Agency (or our use of tax abatements generally) since our August response with the exception that the annual revenues of the agency have increased to about \$11.0 million annually. Coincidentally, the Board of County Commissioners will consider an item on its January 20, 2009, agenda dealing with the current financial status of the Agency. Should that discussion result in any change in direction regarding the future operation of the Agency, we will update you accordingly.

Let me know if our response is sufficient.

George W. Stevens  
Chief Financial Officer  
Clark County, Nevada  
(702) 455-3234

# Office of the County Manager

500 S Grand Central Pky 6th Fl • Box 551111 • Las Vegas NV 89155-1111  
(702) 455-3530 • Fax (702) 455-3558

Virginia Valentine, P.E., County Manager  
Darryl Martin, Assistant County Manager • Phil Rosenquist, Assistant County Manager  
Jeffrey M. Wells, Assistant County Manager

August 4, 2008

Susan Scholley, Chief Principal Research Analyst  
Research Division  
Legislative Counsel Bureau  
401 S. Carson Street  
Carson City, NV 89701-4747

Dear Ms. Scholley:

We are in receipt of the request from Assemblywoman Marilyn Kirkpatrick dated July 15, 2008, regarding the various types of financing or tax abatements utilized by Clark County. Please be advised that the only option that has been employed by Clark County is the formation of the Clark County Redevelopment Agency.

The Clark County Redevelopment Agency currently receives approximately \$7.5 million per year in tax revenues for redevelopment purposes. However, because it is a relatively new venture for Clark County, the Agency has yet to undertake any significant projects and has engaged primarily in planning efforts. Agency staff is currently in the process of negotiating for the acquisition of certain parcels in the area commonly known as Commercial Center. No acquisitions have been finalized as of the date of this letter, and in the event that parcels are acquired, we have no concrete plans for the disposition of the parcels.

Sincerely,

  
Virginia Valentine

cc: George Stevens, Chief Financial Officer  
Sabra Smith-Newby, Intergovernmental Relations Director



# **Douglas County Response**

**From:** [Brown, Michael](#)  
**To:** [Guindon, Russell;](#)  
**CC:**  
**Subject:** Request for information on economic development/  
redevelopment  
**Date:** Thursday, January 22, 2009 6:17:01 PM  
**Attachments:**

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Hi Russell. Sorry for being late in providing you with a response to your request for information about financing for economic development and redevelopment projects in Douglas County. I will get the requested information to you no later than this Monday, January 26 as I can complete your request over the weekend. Have a great day.

T. Michael Brown  
Douglas County Manager  
782-9821



## BOARD OF COUNTY COMMISSIONERS

1594 Esmeralda Avenue, Room 307, Minden, Nevada 89423

T. Michael Brown  
COUNTY MANAGER  
775-782-9821

**COMMISSIONERS**  
Nancy McDermid, CHAIR  
Greg Lynn, VICE-CHAIR  
David J. Brady  
Doug N. Johnson  
Michael A. Olson

January 25, 2009

Russell Guindon  
Legislative Counsel Bureau  
State of Nevada  
401 S. Carson Street  
Carson City, NV 89701

Dear Russell,

This letter is in response to your January 5, 2009 letter requesting information about our use of tax incentive programs. You asked numerous questions and I will attempt to answer them as completely as possible given limited time.

*1. Current use of financing redevelopment projects, when the district was created, and its purpose.*

The Douglas County Redevelopment Agency was formed in September, 1997 by the Board of County Commissioners (BOC) in accordance with NRS 279. We do not have any Tourism Improvement Districts (NRS 271A) or Tax Increment Areas (NRS 278B) in Douglas County.

NRS outlines the purpose of a Redevelopment District, but examples of its purpose include:

- Promote new public improvements to complement and invite private development
- Diversify commercial opportunities in North Douglas County
- Preserve the presence of the natural landscape and open spaces by improving public utilities to increase clustering of development
- Provide residents and visitors with more shopping, employment and recreational opportunities within the areas
- Enhance the level of fire protection for residences and businesses through planning of community water, sewer, drainage, and road systems
- Promote the strengthening of the County's economic base

*2. Include the specific projects along with dates, costs, source and amount of public revenue used, type of financing, and benefits of the projects.*

Please find an attached sheet that includes all the projects funded by the Redevelopment Agency since the district was created, including dates and costs. All costs shown were funded from the property tax increment and only represent the Redevelopment Agency's portion of the total costs of each project (other private and public contributions were made).

Mailing Address: P.O. Box 218, Minden, NV 89423

Our Redevelopment Agency only uses property tax increment as financing, either to repay loans or pay-as-you go. The Agency has borrowed funds from Douglas County (currently \$6,650,000 outstanding) versus selling bonds.

All the projects have the same benefits: they are done to address one or more of the purposes of the Redevelopment Agency (see above or NRS 279).

*3. Provide the base amount of assessed value of the property in the district when it was created and the additional assessed value that has been created in the district due to the development of projects.*

The total base assessed valuation for the district is \$19,529,796. The additional assessed valuation that has been created in the district is \$102,316,625.

*4. Report the economic benefit to your local government from each project, along with any additional business or retail activity that has located in the district due to projects developed in the district.*

The economic benefit to the Douglas County government includes additional sales taxes and building-related revenues (i.e. building, planning, engineering permit fees, real property transfer taxes, water/sewer connection fees). Many other local agencies in Douglas County (i.e. GIDs, School District, towns) receive additional revenue from sales taxes. It is not possible to calculate the actual economic benefit for each project completed in the district. The projects include individual water, sewer, and transportation improvements that assist the public and private development.

The Redevelopment District brought significant retail activity to Douglas County. Businesses such as Home Depot, Target, and Staples located in the North Valley Plaza; businesses such as Best Buy, Borders, In & Out, and Bank of America located in the Carson Valley Plaza; and businesses such as Walmart, Trader Joes, and Chili's located in the Walmart plaza.

Certain actual revenues from a retail store could be calculated if one wanted to take the time and had the ability to find out specific sales tax information, construction costs, and connection fees paid. We have not done that nor do we intend to do such a detailed analysis.

*5. Indicate whether a business entity that is receiving a benefit for a project in a redevelopment area is also receiving a partial abatement of sales and use taxes.*

We do not know of such a business.

*6. Additional methods where local government revenues have been used to provide financing for a project which benefits a business entity.*

The Douglas County government has used other revenues to contribute toward the projects within redevelopment areas. Funding has come from capital project funds and the County's General Fund.

All counties use revenues from numerous sources to construct projects and provide services to businesses as well as residents and tourists. Counties exist for this very purpose. Redevelopment is simply an additional tool to assist business.

Please contact me with any questions. Have a great day.

Sincerely,



T. Michael Brown  
Douglas County Manager

Cc: Board of County Commissioners

Douglas County Redevelopment Agency Projects

|  | Fiscal Year      |                  |                  |                |               |                  |                |                |                |                | Total               |
|--|------------------|------------------|------------------|----------------|---------------|------------------|----------------|----------------|----------------|----------------|---------------------|
|  | 99               | 00               | 01               | 02             | 03            | 04               | 05             | 06             | 07             | 08             |                     |
| Foothill Sewer                           | 129,541          | 177,257          | 258,737          | 17,361         |               |                  |                |                |                |                | \$582,896           |
| N. Valley Project                        | 428,556          | 11,307           | (9,995)          |                |               |                  |                |                |                |                | 429,869             |
| Mica Drive Water Line                    | 125,354          | 62,662           |                  |                |               |                  |                |                |                |                | 188,016             |
| Vista Grande/Jacks Valley                | 490,230          | 960,031          | 345              |                |               |                  |                |                |                |                | 1,450,606           |
| US 395 Widening                          | 777,578          | 493,948          |                  |                |               |                  |                |                |                |                | 1,271,525           |
| Ridgeview Water Tank                     |                  | 19,603           |                  |                |               |                  |                |                |                |                | 19,603              |
| Long Drive Sewer                         |                  |                  | 16,273           |                |               |                  |                |                |                |                | 16,273              |
| Genoa Beautification                     |                  |                  |                  | 1,123          | 8,281         |                  |                |                |                |                | 9,403               |
| Monmon Station Park Land                 |                  |                  |                  | 300,908        |               |                  |                |                |                |                | 300,908             |
| Sewer Easement Purchase                  |                  |                  |                  |                |               |                  |                | 91,000         |                |                | 91,000              |
| School District Improvements             |                  |                  |                  |                |               |                  |                | 50,000         |                | 50,000         | 100,000             |
| Ridgeview Sewer Extension                |                  |                  |                  |                |               |                  |                |                | 38,432         |                | 38,432              |
| Montana Water Acquisition                |                  |                  |                  |                |               |                  |                | 528,000        |                |                | 528,000             |
| OPA Payments - AKI Baker                 |                  |                  |                  |                |               | 1,075,000        | 275,000        | 275,000        | 275,000        | 275,000        | 2,175,000           |
| East Valley Water Fund Repayment         |                  |                  | 175,000          |                |               |                  |                | 150,000        |                |                | 325,000             |
| West Valley Water Fund Repayment         |                  |                  | 150,000          | 6,000          | 20,183        |                  |                |                |                |                | 176,183             |
| Sewer Fund Repayment                     |                  |                  | 2,725,000        |                |               | 30,000           |                |                |                |                | 2,755,000           |
| Regional Transportation Fund Repayment   |                  |                  |                  |                |               |                  |                | 43,440         |                |                | 43,440              |
| East Valley Water Fund Easement Purchase |                  |                  |                  |                |               |                  |                |                |                | 90,000         | 90,000              |
| IHGID Ridgeview Sewer Connection         |                  |                  |                  |                |               |                  |                |                |                | 76,864         | 76,864              |
| Ridgeview Water Debt Service             |                  |                  |                  |                |               |                  |                |                |                | 63,470         | 63,470              |
| EFFPD Station 12 Road Improvements       |                  |                  |                  |                |               |                  |                |                |                | 325,000        | 325,000             |
| <b>Total</b>                             | <b>1,951,259</b> | <b>1,724,807</b> | <b>3,315,360</b> | <b>325,392</b> | <b>28,464</b> | <b>1,105,000</b> | <b>275,000</b> | <b>609,440</b> | <b>841,432</b> | <b>880,334</b> | <b>\$11,056,487</b> |

# **Storey County Response**

**Pat Whitten**

**From:** Pat Whitten  
**Sent:** Friday, January 23, 2009 1:38 PM  
**To:** rguindon@state.nv.us  
**Subject:** Request for Information on Tax Incentives Dated January 5 2009  
**Follow Up Flag:** Follow up  
**Flag Status:** Red

Dear Mr. Guindon,

First, I apologize for this late reply. I was not aware of this request until LCB called today to follow-up. I apologize and am sure the mix-up is on my end as your address information is accurate.

Storey County does not currently have or anticipate having Tourism Improvement Districts, Tax Increment Areas or Redevelopment Areas as defined by statute. If I understand the nature of the third to last paragraph, although we do have a number of "granted" economic incentives and abatements in effect thru NCED as provided for under NRS 360.750, none are for business entities that receive benefit of tourism improvement district, tax increment or redevelopment areas since we do not have any of the latter. We also have just received our first notification of a LEED Certified "Green" building incentive as provided for under NRS 701A but again this will fall outside the stated criteria. As a side comment, this LEED abatement has more or less blind-sided us as it did not come thru to us until well after the building was completed and we had no advance knowledge. In tight economic times, we are forecasting our revenue down to the individual parcels and buildings and a "surprise" like this is difficult to swallow. Please understand we are supportive of energy efficiency and economic incentives. However, we would strongly prefer advanced notification and hopefully an opportunity to participate in the actual approval process on all economic incentive proposals.

Lastly, your general question regarding additional methods where local government revenues are being used to benefit business entities outside special tax districts would involve a very lengthy detailed answer. In a nutshell, for almost ten years, Storey County has participated with developers of our Tahoe-Reno Industrial Center. The governing contracts and agreements are complex but essentially state that we will reimburse the developers for infrastructure costs they incurred for items such as interchanges and roads, railroads, public safety complexes and flood control management. The source of repayment is net revenues realized from the development and build-out of the Industrial Center. Although our ultimate payback is estimated to approach \$100 million and will may take us decades to fulfill, our Public/Private partnership has been an excellent relationship. As the intricacies of the agreement go much deeper than I can explain in this email, I would be please to meet with you to explain further and answer any questions you may have.

I hope I have provided the information you requested. If you have any additional questions or require clarification, please do not hesitate to call. I deeply appreciate and admire what all the LCB staff does to facilitate communications and make sure our biennial sessions run smoothly and productively. As I told Cheryl this morning, please do not hesitate to call at any time for any thing in the future.

Sincerely,

Pat Whitten



**Pat Whitten**  
County Manager  
Storey County

(775) 847-0968 (Office)  
(775) 721-7001 (Cell)  
PWhitten@StoreyCounty.org

powered by: visionASP

# **Boulder City Response**

**From:** [BArmantrout@bcnv.org](mailto:BArmantrout@bcnv.org)  
**To:** [Guindon, Russell;](#)  
**CC:** [VMayes@bcnv.org](mailto:VMayes@bcnv.org); [DHoney@bcnv.org](mailto:DHoney@bcnv.org); [TInch@bcnv.org](mailto:TInch@bcnv.org);  
**Subject:** RE: Boulder City response to LCB request on local use of tax incentive programs  
**Date:** Tuesday, January 27, 2009 5:49:52 PM  
**Attachments:** [ATT1449669.gif](#)

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Mr. Guindon,

Thank you for the opportunity to share with you the responses to your inquiry dated January 5, 2009 regarding local government use of tax incentive programs, specifically the:

1. Tourism Improvement Districts
2. Tax Increment Areas
3. Redevelopment Areas

Boulder City does not have a *Tourism Improvement District* nor a *Tax Increment Area*, but does have a *Redevelopment Area*. All responses below relate to our Redevelopment Area and program.

**Q1** - The cost of the project indicating the amount covered by private sources and by public revenue.

**A1** - The program is administered by the City Manager and the Community Development Director, and one part-time employee. Only a portion of the CD Director's salary is covered by the RDA program, and 80% of the part-time employee's wages. All operating revenues are derived from the overall RDA revenue stream, no private sources contribute to the program operation. The program sets aside 10% of annual revenues to administer the program, and unused funds are redesignated each year for other projects to be undertaken by the RDA for the following year. On average, the program has spent approximately \$55,000/yr over the past 3 years for administrative costs.

**Q2** - The source and amount of public revenue used (sales tax, property tax, other revenue)

**A2** - All revenue is derived through property tax increment, and to a much, much lesser degree, interest earned on fund balance of program revenues. Estimated program revenues for FY 08-09 are \$1M.

**Q3** - The type of financing used (bonds, pay-as-you-go, other)

**A3** - To date, all projects have been financed as a "pay-as-you-go" system for public projects, and as a grant reimbursement program for private projects. The RDA has not used bonds or other financial instruments to finance projects as of the date of this report.

**Q4** - The actual and estimated benefits and costs of the project

**A4** - The overall program has resulted in an increase in the gross assessed value of land and improvements from \$39.4M in 1999 to the present day value of \$217.4M (before application of the mandatory statutory reduction and annual growth limitations at 8% in taxable value for tax assessment purposes)

**Other requested data:**

Base amount of assessed value of the property in the Redevelopment Area: Base year is 1999.  
Base property value after statutory reduction in taxable value: \$27,371,050

Additional assessed value that has been created in the district: Current assessed value (for FY08/09) after statutory reduction in taxable value, including limiting growth in value to no more than 8% annually: \$92,486,514

Economic benefit to local government: Tax increment increase of \$65,115,464 in net assessed. Since year 2000, \$25M in private funds have been invested into redevelopment-related projects, with \$3.2M of public funds towards those projects and other public projects.

Additional business or retail activity that has located in the district due to either the direct or indirect effects of the Redevelopment Area: Several local businesses have reconstructed their facilities as a direct result of a neighboring property that utilized the RDA program to rehabilitate their program. Example: A historic fast food restaurant (A&W Restaurant) utilized an RDA grant to freshen up the exterior of the building, signage, repave their parking lot and install attractive landscaping. A business on the opposing side of the street (McDonalds) chose to tear down their building and construct a new facility with intensive landscape, public sculpture, and other improvements to the property at their cost in response to the surrounding rehabilitative efforts.

Partial abatement of sales and use taxes for economic development? Boulder City does not offer tax abatement programs.

Green Buildings program? Boulder City is not aware of any participants in the Green Building program. For those projects completed in the RDA Plan Area, while some have implemented LEED standards to improve energy efficiency, it was done as an effort to obtain a reduced building permit fee and not due to other programs.

Additional methods where local government revenues have been used to provide financing for a project which benefits a business entity, regardless of location: Boulder City does not have supplemental revenue that it can dedicate towards business development.

**Summary**

Should you require more detail or additional information, I can be reached by email at "barmantrout@bcnv.org" or by telephone at 702-293-9282. If needed, I would be happy to answer any questions that the legislature may have during the legislative session.



[www.bcnv.org](http://www.bcnv.org)

**Brok Armantrout, Director**  
**Community Development Department**

**Building Inspection - Code Enforcement - Municipal Airport - Planning - Redevelopment Agency - Zoning**

**Mailing Address:** Post Office Box 61350, Boulder City, NV 89006-1350

**Physical Address:** 401 California Avenue, Boulder City, NV 89005-2600

**Telephone:** (702) 293-9282 Office • (702) 293-9392 Fax

**Office hours:** Monday through Thursday from 7:00AM to 6:00PM (Pacific time)

**We are dedicated to meeting the needs of our community by planning for the future**

**Integrity ▪ Fiscal Responsibility ▪ Accessible and Responsive ▪ Caring Attitude ▪ Professional Excellence**

# City of Elko Response



**City of Elko**  
**City Hall**  
1751 College Avenue  
Elko, Nevada 89801  
Phone: 775-777-7110  
Fax: 775-777-7119

January 14, 2008

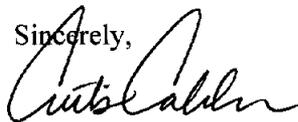
Mr. Russell Guindon, Sr. Deputy Fiscal Analyst  
Legislative Counsel Bureau  
Legislative Building  
401 S. Carson Street  
Carson City, NV 89701-4747

Dear Mr. Guindon,

In response to your January 5, 2009 letter, I am pleased to provide you with the following information:

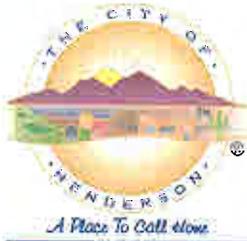
- The City of Elko has not utilized Tourism Improvement Districts or Tax Increment Areas. However, the City of Elko established the Elko Redevelopment Area on February 12, 2008.
- Due to the recent establishment of the Redevelopment Plan, no specific projects have been identified at this time.
- The Net Assessed Value for property within the Designated Redevelopment Area for 2007 was \$32,904,846. As no projects have been completed, no additional assessed value can be attributed to the development of projects using public revenue financing options.
- In 2008, the City of Elko issued a letter of acknowledgement to the State of Nevada Commission on Economic Development regarding a request for a State Use Tax Abatement, Modified Business Tax Abatement, and Personal Property Tax Abatement for a qualifying local business (RAM Enterprises). RAM Enterprises is constructing a larger facility within the City's Redevelopment Area, qualifying for a total abatement of \$105,855. The City of Elko's portion of the abatement amounts to \$23,540 over a ten (10) year period.

If you have any questions, or require further information, please feel free to contact me at (775) 777-7111 or [citymanager@ci.elko.nv.us](mailto:citymanager@ci.elko.nv.us).

Sincerely,  
  
Curtis Calder  
City Manager

Cc: Elko City Council  
File

# City of Henderson Response



CITY OF HENDERSON  
240 Water Street  
P. O. Box 95050  
Henderson, NV 89009

January 21, 2009

Sent Via Email

Russell Guindon  
Senior Deputy Fiscal Analyst  
Fiscal Analysis Division  
Legislative Council Bureau  
401 S. Carson Street  
Carson City, NV 89701-4747

Subject: Request for information from Assemblywomen Barbara Buckley,  
Debbie Smith, and Marilyn Kirkpatrick

Dear Mr. Guindon:

The City of Henderson has prepared the following response to your January 5, 2009 letter requesting information regarding our city's current use of certain types of financing for economic development or redevelopment projects including Tourism Improvement Districts, Tax Increment Areas, and Redevelopment Areas.

Thank you for the opportunity to provide you with information on our city. If you have any questions or require additional information, please contact Carol Turner at (702) 267-1710.

Sincerely,

Mary Kay Peck, FAICP  
City Manager

MKP:ct  
Enclosure

**Response to Legislative Council Bureau**

City of Henderson - Economic Funding Sources and Impacts

| Project Description   | Project Beginning Date | Estimated Project Completion Date | NRS        | Type of Financing/ Abatement | Amount of Abatement/ Assistance | Funding Details   | Benefit to the City of Henderson   | Total Estimated Recurring Economic Impacts*   | ROI Calculations*  |
|---|------------------------|-----------------------------------|------------|------------------------------|---------------------------------|---|--|---|--|
| <b>Downtown Redevelopment Area</b>  | <b>1995</b>            | <b>2025</b>                       | <b>279</b> | <b>Various (See below)</b>   | <b>See below</b>                | <b>See below</b>  | <b>Revitalization of and reinvestment in aging areas (see below).</b>  |   |  |
| Water Street South Phase I (now Corley Center) - 30,500-square-foot mixed-use building  | 3/10/2005              | 12/10/2005                        | 279        | Land Write Down/Grant        | \$ 2,575,900                    | Land write down - \$1,185,900; Grant - \$1,390,000<br>Private investment - \$3,949,039            | This was the first new construction project in the redevelopment area. The project spurred interest in the area, resulting in numerous subsequent projects requiring far less subsidy or zero assistance (see attached supplement). Projected total tax increment from this project: \$1,261,562 | <b>Direct Impacts:</b><br>Employment - 120.3<br>Wages/Salaries - \$2,438,555<br>Economic Output - \$9,413,358<br><b>Indirect Impacts:</b><br>Employment - 5.5<br>Wages/Salaries - \$211,065<br>Economic Output - \$2,264,987<br><b>Induced Impacts:</b><br>Employment: 11.1<br>Wages/Salaries - \$403,853<br>Economic Output - \$3,424,578  | Private Investment Leverage - \$1.54<br>Public cost per job created -\$21,406<br>Annual wages/salaries per \$1 invested - \$1.84<br>Annual economic output per \$1 invested - \$3.65 |
| Water Street South Phase II - 28,500-square-foot office building                        | 3/15/2006              | 8/30/2006                         | 279        | Land Write Down/Grant        | \$ 1,022,313                    | Land write down - \$542,313; Grant - \$480,000<br>Private investment - \$5,337,794                | Phase II of above project, housing the Nevada State College, including approximately 270 students and 40 faculty. Projected total tax increment from this project: \$1,241,476.  | <b>Direct Impacts:</b><br>Employment - 142.5<br>Wages/Salaries - \$6,105,984<br>Economic Output - \$12,111,369<br><b>Indirect Impacts:</b><br>Employment - 7.8<br>Wages/Salaries - \$292,402<br>Economic Output - \$3,035,527<br><b>Induced Impacts:</b><br>Employment: 14.4<br>Wages/Salaries - \$522,339<br>Economic Output - \$4,417,787 | Private Investment Leverage - \$6.04<br>Public cost per job created -\$7,174<br>Annual wages/salaries per \$1 invested - \$5.97<br>Annual economic output per \$1 invested - \$11.85 |
|   |                        |                                   |            |                              |                                 |   | Note: Due to the volume of students, there is a sizeable spending impact on local spending of approximately \$820,000 per year and the students would support approximately 20 jobs and \$520,000 in personal income at businesses in Henderson.   |   |  |
| Pinnacle - 15,000-square-foot, 3-story, mixed-use building with retail and office space | 1/10/2005              | 1/31/2006                         | 279        | Deferred loan                | \$ 950,000                      | Loan deferred for five years, with the building as collateral<br>Private investment - \$2,605,000 | This project replaced an empty lot on the main thoroughfare through the downtown and put the property back on the tax rolls. Projected total tax increment from this project: \$685,609  | <b>Direct Impacts:</b><br>Employment - 61.1<br>Wages/Salaries - \$2,438,555<br>Economic Output - \$4,836,933<br><b>Indirect Impacts:</b><br>Employment - 2.9<br>Wages/Salaries - \$109,672<br>Economic Output - \$1,170,932<br><b>Induced Impacts:</b><br>Employment: 5.7<br>Wages/Salaries - \$207,675<br>Economic Output - \$1,760,358    | Private Investment Leverage - \$2.74<br>Public cost per job created -\$15,545<br>Annual wages/salaries per \$1 invested - \$2.57<br>Annual economic output per \$1 invested - \$5.09 |

**Response to Legislative Council Bureau**

City of Henderson - Economic Funding Sources and Impacts

| Project Description   | Project Beginning Date | Estimated Project Completion Date | NRS | Type of Financing/ Abatement      | Amount of Abatement/ Assistance | Funding Details  | Benefit to the City of Henderson  | Total Estimated Recurring Economic Impacts*  | ROI Calculations*  |
|---|------------------------|-----------------------------------|-----|-----------------------------------|---------------------------------|--|---|--|--|
| Meridian - 20,000-square-foot, three-story, mixed-use building with retail, office and residential components | 1/31/2006              | 3/15/2007                         | 279 | Deferred loan                     | \$ 775,000                      | Loan deferred for five years, with the building as collateral<br>Private investment - \$1,750,000  | This project replaced two dilapidated buildings, attracted five new businesses, employing approximately 40 people, and added new residents in the apartments. Projected tax increment from this project is \$461,322. | <b>Direct Impacts:</b><br>Employment - 47.7<br>Wages/Salaries - \$1,804,875<br>Economic Output - \$3,580,014<br><b>Indirect Impacts:</b><br>Employment - 2.0<br>Wages/Salaries - \$77,053<br>Economic Output - \$842,666<br><b>Induced Impacts:</b><br>Employment: 4.2<br>Wages/Salaries - \$153,168<br>Economic Output - \$1,300,606                                  | Private Investment Leverage - \$2.26<br>Public cost per job created -\$16,259<br>Annual wages/salaries per \$1 invested - \$2.33<br>Annual economic output per \$1 invested - \$4.62                         |
| Asset Central - 45,000-square-foot, three-story building with retail/office space.                            | TBD                    |                                   | 279 | Equity partner                    | \$ 600,000                      | Agency is an equity partner in the project.<br>• The Agency Participation will not receive any dividend participation or interest during the first five (5) years.<br>• Participant will have the option to buy out the Agency at any time within five (5) years at a simple interest rate of four percent (4%) annually.<br>• Participant will be required to buy out the Agency at the equity share its investment represents within years six (6) through eight (8).<br><br>Projected private investment - \$12,800,000 | The project consolidated two underutilized, vacant parcels and a third with a dilapidated building. Total projected tax increment from this project: \$2,040,150  | <b>Estimated Direct Impacts:</b><br>Employment - 225.0<br>Wages/Salaries - \$9,641,028<br>Economic Output - \$19,123,214<br><b>Estimated Indirect Impacts:</b><br>Employment - 12.3<br>Wages/Salaries - \$461,687<br>Economic Output - \$4,792,937<br><b>Induced Impacts:</b><br>Employment: 22.7<br>Wages/Salaries - \$824,745<br>Economic Output - \$6,975,454       | <b>Estimated :</b><br>Private Investment Leverage - \$21.33<br>Public cost per job created -\$2,667<br>Annual wages/salaries per \$1 invested - \$16.07<br>Annual economic output per \$1 invested - \$31.87 |
| City Tower  | TBD                    | TBD                               | 279 | Purchase of public parking spaces | \$ 4,400,000                    | Dependent upon the Agency's ability to bond<br><br>Projected private investment - \$90,000,000   | The purchase of 200 public parking spaces within the project's garage   | <b>Estimated Direct Impacts:</b><br>Employment -551.1<br>Wages/Salaries - \$22,462,594<br>Economic Output - \$44,555,102<br><b>Estimated Indirect Impacts:</b><br>Employment - 27.2<br>Wages/Salaries - \$1,030,212<br>Economic Output - \$10,902,273<br><b>Induced Impacts:</b><br>Employment: 52.8<br>Wages/Salaries - \$1,915,604<br>Economic Output - \$16,226,613 | <b>Estimated :</b><br>Private Investment Leverage - \$19.45<br>Public cost per job created -\$7,984<br>Annual wages/salaries per \$1 invested - \$5.11<br>Annual economic output per \$1 invested - \$10.13  |
| Façade Improvement Program Ongoing  | Ongoing                |                                   | 279 | Loan to Grant                     | \$ 846,565                      | 80% grant/20% owner contribution up to \$30,000 per storefront. Set up as a loan for five years at Treasury plus 3%  | 12 facades improved; 17 buildings painted; 5 sign grants. Agency funds were matched with \$1,347,632 in owner contributions   | <b>*Non-recurring, one-time impacts</b><br>Employment - 25.5<br>Wages/Salaries - \$1,283,411<br>Economic Output - \$3,508,018  | Private Investment Leverage - \$1.59   |

**Response to Legislative Council Bureau**

City of Henderson - Economic Funding Sources and Impacts

| Project Description   | Project Beginning Date | Estimated Project Completion Date | NRS | Type of Financing/ Abatement           | Amount of Abatement/ Assistance | Funding Details   | Benefit to the City of Henderson  | Total Estimated Recurring Economic Impacts*   | ROI Calculations*  |
|---|------------------------|-----------------------------------|-----|--|---------------------------------|---|---|---|--|
| Homeowner Assistance Program  | Ongoing                | Ongoing                           | 279 | Grant/low-interest loans               | \$ 451,495                      | Combination of grants and loans for various home improvements   | Assisted 140 homeowners to improve their residences; matched by \$204,215 in owner contributions  | <b>*Non-recurring, one-time impacts</b><br>Employment - 7.5<br>Wages/Salaries - \$383,532<br>Economic Output - \$1,048,330  | Private Investment Leverage - \$0.45   |
| Water Street Infrastructure and Streetscape Improvements  |                        |                                   | 279 | TIF and City funds, and Federal Grants | \$ 12,285,050                   | TIF-\$3,195,488<br>Grants-\$1,478,750<br>CoH Water/Sewer- \$507,560<br>CoH Bonding - \$6,942,764<br>CoH Gas Tax - \$160,488 | Widened sidewalks for safer pedestrian travel, upgraded storm sewer, street furniture, street paving, and improved pedestrian crossings   | <b>*Non-recurring, one-time impacts</b><br>Employment - 143.4<br>Wages/Salaries - \$7,349,444<br>Economic Output - \$20,088,637   |  |
| Arts & Culture Assistance   | Ongoing                | Ongoing                           | 279 | Grants/loans/operations                | \$ 440,000                      | Operational funding for events, gallery assistance program (loans/grants for rental assistance), purchase of public murals  | Arts and culture-related activities result in 443,500 visitors to the Water Street District (Downtown Redevelopment Area), with an economic impact of \$19,453,900 per year. This amount was matched by \$30,000 in outside grants. |   |  |
| <b>Downtown Redevelopment Area Projects NOT requiring financial assistance, but generating tax increment, which were spurred by the projects above:</b> |                        |                                   |     |  |                                 |   |   |   |  |
| Pacific Pines   | 2006 Ongoing           |                                   | N/A | N/A                                    |                                 | Private investment - Approximately \$24,000,000<br>Project received \$200,000 in LIHTC/HOME funds                           | Currently, the project has 186 low-income, senior apartment units, with a fourth phase in the planning stages   | <b>*Non-recurring, one-time impacts</b><br>Employment - 88.4<br>Wages/Salaries - \$4,532,596<br>Economic Output - \$12,389,191  | Private Investment Leverage - \$12.79  |
| Lake Mead Crossing  | 7/1/2007 Ongoing       |                                   | N/A | N/A                                    |                                 | Private investment - \$150,000,000  | 74-acre retail complex anchored by Target that will generate \$24,360,000 in tax increment over the remaining life of the Agency  | <b>Direct Impacts:</b><br>Employment - 1,955.6<br>Wages/Salaries - \$77,848,555<br>Economic Output - \$154,414,501<br><b>Indirect Impacts:</b><br>Employment - 55.2<br>Wages/Salaries - \$2,271,344<br>Economic Output - \$30,219,552<br><b>Induced Impacts:</b><br>Employment: 178.4<br>Wages/Salaries - \$6,468,435<br>Economic Output - \$55,508,897 | Private Investment Leverage - Infinite<br>Public cost per job created -\$0.00<br>Annual wages/salaries per \$1 invested - Infinite<br>Annual economic output per \$1 invested - Infinite |
| Gateway   | TBD                    | TBD                               | N/A | N/A                                    |                                 | Projected private investment - \$8,000,000  | Two-story, 10,000-square-foot diner/tavern that will replace a dilapidated commercial building located on a very small lot. Projected to generate \$1,299,200 in tax increment over the remaining life of the Agency                |   |  |
| Schurtleff Plaza  | TBD                    | TBD                               | N/A | N/A                                    |                                 | Projected private investment - \$3,000,000  | Three-story, 15,000-square-foot, retail/medical office building. Projected to generate \$487,200 in tax increment over the remaining life of the Agency   |   |  |

**Response to Legislative Council Bureau**

City of Henderson - Economic Funding Sources and Impacts

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| <b>Downtown Redevelopment Area</b>  | <b>1995</b>            | <b>2025</b>                       | <b>279</b> | <b>Various (See below)</b>   | <b>See below</b>                | <b>See below</b>  | <b>Revitalization of and reinvestment in aging areas (see below).</b>  |   |  |
| Water Street South Phase I (now Corley Center) - 30,500-square-foot mixed-use building  | 3/10/2005              | 12/10/2005                        | 279        | Land Write Down/Grant        | \$ 2,575,900                    | Land write down - \$1,185,900; Grant - \$1,390,000<br>Private investment - \$3,949,039            | This was the first new construction project in the redevelopment area. The project spurred interest in the area, resulting in numerous subsequent projects requiring far less subsidy or zero assistance (see attached supplement). Projected total tax increment from this project: \$1,261,562 | <b>Direct Impacts:</b><br>Employment - 120.3<br>Wages/Salaries - \$2,438,555<br>Economic Output - \$9,413,358<br><b>Indirect Impacts:</b><br>Employment - 5.5<br>Wages/Salaries - \$211,065<br>Economic Output - \$2,264,987<br><b>Induced Impacts:</b><br>Employment: 11.1<br>Wages/Salaries - \$403,853<br>Economic Output - \$3,424,578  | Private Investment Leverage - \$1.54<br>Public cost per job created -\$21,406<br>Annual wages/salaries per \$1 invested - \$1.84<br>Annual economic output per \$1 invested - \$3.65 |
| Water Street South Phase II - 28,500-square-foot office building                        | 3/15/2006              | 8/30/2006                         | 279        | Land Write Down/Grant        | \$ 1,022,313                    | Land write down - \$542,313; Grant - \$480,000<br>Private investment - \$5,337,794                | Phase II of above project, housing the Nevada State College, including approximately 270 students and 40 faculty. Projected total tax increment from this project: \$1,241,476.  | <b>Direct Impacts:</b><br>Employment - 142.5<br>Wages/Salaries - \$6,105,984<br>Economic Output - \$12,111,369<br><b>Indirect Impacts:</b><br>Employment - 7.8<br>Wages/Salaries - \$292,402<br>Economic Output - \$3,035,527<br><b>Induced Impacts:</b><br>Employment: 14.4<br>Wages/Salaries - \$522,339<br>Economic Output - \$4,417,787 | Private Investment Leverage - \$6.04<br>Public cost per job created -\$7,174<br>Annual wages/salaries per \$1 invested - \$5.97<br>Annual economic output per \$1 invested - \$11.85 |
|   |                        |                                   |            |                              |                                 |   | Note: Due to the volume of students, there is a sizeable spending impact on local spending of approximately \$820,000 per year and the students would support approximately 20 jobs and \$520,000 in personal income at businesses in Henderson.   |   |  |
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**Response to Legislative Council Bureau**

City of Henderson - Economic Funding Sources and Impacts

| Project Description   | Project Beginning Date | Estimated Project Completion Date | NRS | Type of Financing/ Abatement      | Amount of Abatement/ Assistance | Funding Details  | Benefit to the City of Henderson  | Total Estimated Recurring Economic Impacts*  | ROI Calculations*  |
|---|------------------------|-----------------------------------|-----|-----------------------------------|---------------------------------|--|---|--|--|
| Meridian - 20,000-square-foot, three-story, mixed-use building with retail, office and residential components | 1/31/2006              | 3/15/2007                         | 279 | Deferred loan                     | \$ 775,000                      | Loan deferred for five years, with the building as collateral<br>Private investment - \$1,750,000  | This project replaced two dilapidated buildings, attracted five new businesses, employing approximately 40 people, and added new residents in the apartments. Projected tax increment from this project is \$461,322. | <b>Direct Impacts:</b><br>Employment - 47.7<br>Wages/Salaries - \$1,804,875<br>Economic Output - \$3,580,014<br><b>Indirect Impacts:</b><br>Employment - 2.0<br>Wages/Salaries - \$77,053<br>Economic Output - \$842,666<br><b>Induced Impacts:</b><br>Employment: 4.2<br>Wages/Salaries - \$153,168<br>Economic Output - \$1,300,606                                  | Private Investment Leverage - \$2.26<br>Public cost per job created -\$16,259<br>Annual wages/salaries per \$1 invested - \$2.33<br>Annual economic output per \$1 invested - \$4.62                         |
| Asset Central - 45,000-square-foot, three-story building with retail/office space.                            | TBD                    | TBD                               | 279 | Equity partner                    | \$ 600,000                      | Agency is an equity partner in the project.<br>• The Agency Participation will not receive any dividend participation or interest during the first five (5) years.<br>• Participant will have the option to buy out the Agency at any time within five (5) years at a simple interest rate of four percent (4%) annually.<br>• Participant will be required to buy out the Agency at the equity share its investment represents within years six (6) through eight (8).<br><br>Projected private investment - \$12,800,000 | The project consolidated two underutilized, vacant parcels and a third with a dilapidated building. Total projected tax increment from this project: \$2,040,150  | <b>Estimated Direct Impacts:</b><br>Employment - 225.0<br>Wages/Salaries - \$9,641,028<br>Economic Output - \$19,123,214<br><b>Estimated Indirect Impacts:</b><br>Employment - 12.3<br>Wages/Salaries - \$461,687<br>Economic Output - \$4,792,937<br><b>Induced Impacts:</b><br>Employment: 22.7<br>Wages/Salaries - \$824,745<br>Economic Output - \$6,975,454       | <b>Estimated :</b><br>Private Investment Leverage - \$21.33<br>Public cost per job created -\$2,667<br>Annual wages/salaries per \$1 invested - \$16.07<br>Annual economic output per \$1 invested - \$31.87 |
| City Tower  | TBD                    | TBD                               | 279 | Purchase of public parking spaces | \$ 4,400,000                    | Dependent upon the Agency's ability to bond<br><br>Projected private investment - \$90,000,000   | The purchase of 200 public parking spaces within the project's garage   | <b>Estimated Direct Impacts:</b><br>Employment -551.1<br>Wages/Salaries - \$22,462,594<br>Economic Output - \$44,555,102<br><b>Estimated Indirect Impacts:</b><br>Employment - 27.2<br>Wages/Salaries - \$1,030,212<br>Economic Output - \$10,902,273<br><b>Induced Impacts:</b><br>Employment: 52.8<br>Wages/Salaries - \$1,915,604<br>Economic Output - \$16,226,613 | <b>Estimated :</b><br>Private Investment Leverage - \$19.45<br>Public cost per job created -\$7,984<br>Annual wages/salaries per \$1 invested - \$5.11<br>Annual economic output per \$1 invested - \$10.13  |
| Façade Improvement Program Ongoing  | Ongoing                | Ongoing                           | 279 | Loan to Grant                     | \$ 846,565                      | 80% grant/20% owner contribution up to \$30,000 per storefront. Set up as a loan for five years at Treasury plus 3%  | 12 facades improved; 17 buildings painted; 5 sign grants. Agency funds were matched with \$1,347,632 in owner contributions   | <b>*Non-recurring, one-time impacts</b><br>Employment - 25.5<br>Wages/Salaries - \$1,283,411<br>Economic Output - \$3,508,018  | Private Investment Leverage - \$1.59   |

**Response to Legislative Council Bureau**

City of Henderson - Economic Funding Sources and Impacts

| Project Description   | Project Beginning Date | Estimated Project Completion Date | NRS | Type of Financing/ Abatement           | Amount of Abatement/ Assistance | Funding Details   | Benefit to the City of Henderson  | Total Estimated Recurring Economic Impacts*   | ROI Calculations*  |
|---|------------------------|-----------------------------------|-----|--|---------------------------------|---|---|---|--|
| Homeowner Assistance Program  | Ongoing                | Ongoing                           | 279 | Grant/low-interest loans               | \$ 451,495                      | Combination of grants and loans for various home improvements   | Assisted 140 homeowners to improve their residences; matched by \$204,215 in owner contributions  | <b>*Non-recurring, one-time impacts</b><br>Employment - 7.5<br>Wages/Salaries - \$383,532<br>Economic Output - \$1,048,330  | Private Investment Leverage - \$0.45   |
| Water Street Infrastructure and Streetscape Improvements  |                        |                                   | 279 | TIF and City funds, and Federal Grants | \$ 12,285,050                   | TIF-\$3,195,488<br>Grants-\$1,478,750<br>CoH Water/Sewer- \$507,560<br>CoH Bonding - \$6,942,764<br>CoH Gas Tax - \$160,488 | Widened sidewalks for safer pedestrian travel, upgraded storm sewer, street furniture, street paving, and improved pedestrian crossings   | <b>*Non-recurring, one-time impacts</b><br>Employment - 143.4<br>Wages/Salaries - \$7,349,444<br>Economic Output - \$20,088,637   |  |
| Arts & Culture Assistance   | Ongoing                | Ongoing                           | 279 | Grants/loans/operations                | \$ 440,000                      | Operational funding for events, gallery assistance program (loans/grants for rental assistance), purchase of public murals  | Arts and culture-related activities result in 443,500 visitors to the Water Street District (Downtown Redevelopment Area), with an economic impact of \$19,453,900 per year. This amount was matched by \$30,000 in outside grants. |   |  |
| <b>Downtown Redevelopment Area Projects NOT requiring financial assistance, but generating tax increment, which were spurred by the projects above:</b> |                        |                                   |     |  |                                 |   |   |   |  |
| Pacific Pines   | 2006 Ongoing           |                                   | N/A | N/A                                    |                                 | Private investment - Approximately \$24,000,000<br><br>Project received \$200,000 in LIHTC/HOME funds                       | Currently, the project has 186 low-income, senior apartment units, with a fourth phase in the planning stages   | <b>*Non-recurring, one-time impacts</b><br>Employment - 88.4<br>Wages/Salaries - \$4,532,596<br>Economic Output - \$12,389,191  | Private Investment Leverage - \$12.79  |
| Lake Mead Crossing  | 7/1/2007 Ongoing       |                                   | N/A | N/A                                    |                                 | Private investment - \$150,000,000  | 74-acre retail complex anchored by Target that will generate \$24,360,000 in tax increment over the remaining life of the Agency  | <b>Direct Impacts:</b><br>Employment - 1,955.6<br>Wages/Salaries - \$77,848,555<br>Economic Output - \$154,414,501<br><b>Indirect Impacts:</b><br>Employment - 55.2<br>Wages/Salaries - \$2,271,344<br>Economic Output - \$30,219,552<br><b>Induced Impacts:</b><br>Employment: 178.4<br>Wages/Salaries - \$6,468,435<br>Economic Output - \$55,508,897 | Private Investment Leverage - Infinite<br>Public cost per job created -\$0.00<br>Annual wages/salaries per \$1 invested - Infinite<br>Annual economic output per \$1 invested - Infinite |
| Gateway   | TBD                    | TBD                               | N/A | N/A                                    |                                 | Projected private investment - \$8,000,000  | Two-story, 10,000-square-foot diner/tavern that will replace a dilapidated commercial building located on a very small lot. Projected to generate \$1,299,200 in tax increment over the remaining life of the Agency                |   |  |
| Schurtleff Plaza  | TBD                    | TBD                               | N/A | N/A                                    |                                 | Projected private investment - \$3,000,000  | Three-story, 15,000-square-foot, retail/medical office building. Projected to generate \$487,200 in tax increment over the remaining life of the Agency   |   |  |

**Response to Legislative Council Bureau**

City of Henderson - Economic Funding Sources and Impacts

| Project Description   | Project Beginning Date | Estimated Project Completion Date | NRS | Type of Financing/ Abatement                 | Amount of Abatement/ Assistance | Funding Details   | Benefit to the City of Henderson  | Total Estimated Recurring Economic Impacts*   | ROI Calculations*  |
|---|------------------------|-----------------------------------|-----|--|---------------------------------|---|---|---|--|
| Water Street Commons  | TBD                    | TBD                               | N/A | N/A  |                                 | Projected private investment - \$170,000,000                  | Developers of this 170,000,000 project will purchase the Agency-owned 4.5 acres at market rate for \$4.75 million. Projected tax increment for this project over the remaining life of the Agency is \$27,608,000   | <b>Estimated Direct Impacts:</b><br>Employment - 77.8<br>Wages/Salaries - \$2,072,730<br>Economic Output - \$4,111,311<br><b>Estimated Indirect Impacts:</b><br>Employment - 1.1<br>Wages/Salaries - \$49,525<br>Economic Output - \$740,841<br><b>Induced Impacts:</b><br>Employment: 4.7<br>Wages/Salaries - \$170,786<br>Economic Output - \$1,471,800 | <b>Estimated :</b><br>Private Investment Leverage - Infinite<br>Public cost per job created -\$0.00<br>Annual wages/salaries per \$1 invested - Infinite<br>Annual economic output per \$1 invested - Infinite |
| <b>Downtown Totals*</b>   |                        |                                   |     |  |                                 |   |   |   |  |
| RDA Assistance  |                        |                                   |     |  | \$ 27,441,811                   |   |   |   |  |
| Total tax increment generated over the remaining life of the Agency |                        |                                   |     |  |                                 |   | \$59,444,519  |   |  |
| Total projected private investment                                  |                        |                                   |     |  |                                 |   | \$472,993,680   |   |  |
| Total economic impact of events                                     |                        |                                   |     |  |                                 |   | \$9,453,900   |   |  |
| <b>*Estimated Economic Impact</b>                                   |                        |                                   |     |  |                                 |   |   |   |  |
| <b>Cornerstone Redevelopment Area</b>                               | 2004                   | 2034                              | 279 | Tax increment reimbursement                  | \$ 6,900,000                    | Public infrastructure   | This development has attracted retail, medical, residential and commercial projects. One of the projects, if built as anticipated, has been projected to generate \$88 million in tax increment, along with \$16 million for low-income set aside funds. Other developments on this site include a Wal-Mart Neighborhood Grocery Store, El Pollo Loco, and a medical complex--none of which received funding assistance.                                      | Ongoing   |  |
| <b>Tuscany Redevelopment Area</b>                                   | 2004                   | 2034                              | 279 | Tax increment reimbursement                  | \$26,252,000                    | Public infrastructure   | This master-planned development is expected to generate \$233,348,500 in tax increment over the life of the Agency and will provide 1,240 dwelling units, a golf course, 25 acres of parks and trails, a fire station and a school site.  | Ongoing   |  |
| <b>Eastside Redevelopment Area</b>                                  | 2006                   | 2036                              | 279 | Tax increment reimbursement                  | \$170,000,000                   | Public Infrastructure   | General goals of the redevelopment area are to facilitate the redevelopment of the Timet Ponds, develop underutilized industrial sites for jobs and revenue to the city and provide for rehabilitation of homes and neighborhoods in the older residential areas. Cadence, the Landwell 2,200-acre project within Eastside, is projected to generate \$1,422,089,000 in tax increment (NPV of \$431,471,000) and \$255,976,000 in low-income set-aside funds. | Ongoing   |  |
| Homeowner Assistance Program  | Ongoing                | Ongoing                           | 279 | Combination of grants and low-interest loans | \$541,805                       | Combination of grants and loans for various home improvements | Assisted 186 homeowners to improve their residences; matched by \$222,488 in owner contributions  |   | Private Investment Leverage - \$0.41   |

**Response to Legislative Council Bureau**

City of Henderson - Economic Funding Sources and Impacts

| Project Description   | Project Beginning Date | Estimated Project Completion Date | NRS | Type of Financing/ Abatement                 | Amount of Abatement/ Assistance | Funding Details   | Benefit to the City of Henderson  | Total Estimated Recurring Economic Impacts*   | ROI Calculations*  |
|---|------------------------|-----------------------------------|-----|--|---------------------------------|---|---|---|--|
| Water Street Commons  | TBD                    | TBD                               | N/A | N/A  |                                 | Projected private investment - \$170,000,000                  | Developers of this 170,000,000 project will purchase the Agency-owned 4.5 acres at market rate for \$4.75 million. Projected tax increment for this project over the remaining life of the Agency is \$27,608,000   | <b>Estimated Direct Impacts:</b><br>Employment - 77.8<br>Wages/Salaries - \$2,072,730<br>Economic Output - \$4,111,311<br><b>Estimated Indirect Impacts:</b><br>Employment - 1.1<br>Wages/Salaries - \$49,525<br>Economic Output - \$740,841<br><b>Induced Impacts:</b><br>Employment: 4.7<br>Wages/Salaries - \$170,786<br>Economic Output - \$1,471,800 | <b>Estimated :</b><br>Private Investment Leverage - Infinite<br>Public cost per job created -\$0.00<br>Annual wages/salaries per \$1 invested - Infinite<br>Annual economic output per \$1 invested - Infinite |
| <b>Downtown Totals*</b>   |                        |                                   |     |  |                                 |   |   |   |  |
| RDA Assistance  |                        |                                   |     |  | \$ 27,441,811                   |   |   |   |  |
| Total tax increment generated over the remaining life of the Agency |                        |                                   |     |  |                                 |   | \$59,444,519  |   |  |
| Total projected private investment                                  |                        |                                   |     |  |                                 |   | \$472,993,680   |   |  |
| Total economic impact of events                                     |                        |                                   |     |  |                                 |   | \$9,453,900   |   |  |
| <b>*Estimated Economic Impact</b>                                   |                        |                                   |     |  |                                 |   |   |   |  |
| <b>Cornerstone Redevelopment Area</b>                               | 2004                   | 2034                              | 279 | Tax increment reimbursement                  | \$ 6,900,000                    | Public infrastructure   | This development has attracted retail, medical, residential and commercial projects. One of the projects, if built as anticipated, has been projected to generate \$88 million in tax increment, along with \$16 million for low-income set aside funds. Other developments on this site include a Wal-Mart Neighborhood Grocery Store, El Pollo Loco, and a medical complex--none of which received funding assistance.                                      | Ongoing   |  |
| <b>Tuscany Redevelopment Area</b>                                   | 2004                   | 2034                              | 279 | Tax increment reimbursement                  | \$26,252,000                    | Public infrastructure   | This master-planned development is expected to generate \$233,348,500 in tax increment over the life of the Agency and will provide 1,240 dwelling units, a golf course, 25 acres of parks and trails, a fire station and a school site.  | Ongoing   |  |
| <b>Eastside Redevelopment Area</b>                                  | 2006                   | 2036                              | 279 | Tax increment reimbursement                  | \$170,000,000                   | Public Infrastructure   | General goals of the redevelopment area are to facilitate the redevelopment of the Timet Ponds, develop underutilized industrial sites for jobs and revenue to the city and provide for rehabilitation of homes and neighborhoods in the older residential areas. Cadence, the Landwell 2,200-acre project within Eastside, is projected to generate \$1,422,089,000 in tax increment (NPV of \$431,471,000) and \$255,976,000 in low-income set-aside funds. | Ongoing   |  |
| Homeowner Assistance Program  | Ongoing                | Ongoing                           | 279 | Combination of grants and low-interest loans | \$541,805                       | Combination of grants and loans for various home improvements | Assisted 186 homeowners to improve their residences; matched by \$222,488 in owner contributions  |   | Private Investment Leverage - \$0.41   |

**Response to Legislative Council Bureau**

City of Henderson - Economic Funding Sources and Impacts

| Project Description | Project Beginning Date | Estimated Project Completion Date | NRS | Type of Financing/ Abatement | Amount of Abatement/ Assistance | Funding Details                          | Benefit to the City of Henderson  | Total Estimated Recurring Economic Impacts* | ROI Calculations* |
|---------------------|------------------------|-----------------------------------|-----|------------------------------|---------------------------------|--|---|---|-------------------|
| Property Assemblage | Ongoing                | Ongoing                           | 279 | Market-rate purchase         | \$ 5,723,731                    | Market-rate purchase from private owners | Properties were purchased in a severely blighted area along two cul-de-sacs within the Eastside Area. The two- and four-plex units were plagued by crime rates more than 20 times the City average, absentee landlords and deteriorating buildings. All structures were demolished in preparation of a potential workforce housing project. | Ongoing                                     |                   |

| Incremental Valuation |                             |                    |                       |                  |
|-----------------------|-----------------------------|--------------------|-----------------------|------------------|
|                       | FY 08/09 Assessed Valuation | Base Year Assessed | Incremental Valuation | Percent Increase |
| Downtown              | 338,995,518                 | 74,914,100         | 264,081,418           | 22%              |
| Cornerstone           | 27,171,397                  | 7,151,860          | 20,019,537            | 26%              |
| Tuscany               | 166,910,007                 | 17,423,900         | 149,486,107           | 10%              |
| Eastside              | 1,293,876,025               | 412,399,923        | 881,876,102           | 32%              |

| Total Estimated Public Return on Investments Analysis** |                            |                                   |                              |   |                        |                               |
|---|----------------------------|-----------------------------------|------------------------------|---|------------------------|-------------------------------|
|   | Total Public Contributions | Total Cumulative Returns Over the | Total Net Project Cash Flows | Net Present Value of Project Cash Flows | Payback Period (Years) | Internal Rate of Return (ROI) |
| Downtown  | 15,815,812                 | 74,798,890                        | 58,983,078                   | 18,348,440                              | 4                      | 17.70%                        |
| Cornerstone   | TBD                        | TBD                               | TBD                          | TBD                                     | TBD                    | TBD                           |
| Tuscany   | TBD                        | TBD                               | TBD                          | TBD                                     | TBD                    | TBD                           |
| Eastside  | TBD                        | TBD                               | TBD                          | TBD                                     | TBD                    | TBD                           |

\*\*Estimated Public ROI on Investment Analysis figures provided by Applied Analysis from a DRAFT Economic Impact Analysis Report on the Water Street District Area; final not ready at time of request.

Please note that no STAR bonds or Tax Rebates were used within identified Redevelopment Areas for any project receiving financial assistance with TIF dollars.

|                      |          |      |     |     |   |  |     |     |
|----------------------|----------|------|-----|-----|---|--|-----|-----|
| Nevada State College | 2002 TBD | 278C | TBD | TBD | The tax increment amounts and details will be part of a real estate analysis conducted by the consultant that will be jointly hired according to the interlocal agreement. The tax increment area was authorized by SB 374 in 2007. | The consultant team is in place and in the early phases of developing the Campus Master Plan. Along with establishing land uses and architectural guidelines, the Plan will include an economic analysis to determine how much of the 500+ acres is needed for the campus and how much is available for revenue generation under the TIF guidelines. | TBD | TBD |
|----------------------|----------|------|-----|-----|---|--|-----|-----|



# Redevelopment Works!

City of Henderson Redevelopment Agency  
240 Water Street  
P O Box 95050  
Henderson, Nevada 89009-5050  
(702) 267-1515

The mission of the Henderson Redevelopment Agency is to eliminate blight and create a vibrant quality environment where public incentives will create the market for private sector investment, all of which improve the quality of life, create value and generate tax increment for additional investment in the area.

Redevelopment is responsible for developing enduring public/private partnerships that will result in increased economic development, vitality and leveraged resources; creating or maintaining services and facilities to support and attract new businesses, and retain or expand existing businesses; facilitating appropriate housing densities through research, policies, financial programs and standards; and creating marketing initiatives to promote opportunities and activities within redevelopment areas to primary markets.

The Redevelopment Agency was formed in 1995. The first redevelopment plan area was Downtown Henderson. Since then, three additional redevelopment plan areas have been formed. These include Cornerstone and Tuscany in 2001 and Eastside in 2006.

In the pages following, there are fact sheets about the projects that the Redevelopment Agency has partnered with the private sector to bring to fruition.

# Downtown Development Summary

## Program Description:

Redevelopment is responsible for developing enduring public/private partnerships that will result in increased economic development, vitality and leveraged resources; creating or maintaining services and facilities to support and attract new businesses, and retain or expand existing businesses; facilitating appropriate housing densities through research, policies, financial programs and standards; identifying and implementing amenities for neighborhoods that increase quality of life; and creating marketing initiatives to promote opportunities and activities within redevelopment areas to primary markets.

As part of the Downtown Redevelopment Area's planning process, the Agency worked with national consultants to create the Downtown Investment Strategy and Downtown Market Feasibility and Development Plan, which guide the development of Downtown and focus on attracting arts and culture, boutique shopping, support and professional services, and market-rate housing to the area. Over the last three years, the Water Street District has seen an emergence of art galleries, murals, new construction, beautification efforts, and home improvements resulting from assistance programs offered by the Agency.

To spur private investment, Agency-owned properties were marketed to developers. These new projects create mixed-use products on small lots with a pedestrian scale and provide new housing types such as senior housing and new condominium and apartment options to add to the existing single-family housing. Designed in the Moderne theme, which honors the City's World War II history, the new construction is creating a uniquely designed, pedestrian-oriented, walkable community. This design is reviving the downtown's physical shape, in turn creating that inviting atmosphere, pedestrian-friendly environment, quaintness, and visual appeal, essential to bringing just the right ambience.



| Tax Increment Analysis                |                     |
|---------------------------------------|---------------------|
| Estimated Construction and Soft Costs | \$470,484,892       |
| Estimated Appraised Land Value        | 38,257,140          |
| Total Estimated Value                 | 508,742,032         |
| Assessed Value Percentage             | 35%                 |
| Assessed Value / 100                  | 1,749,996           |
| Tax Rate                              | 2.90                |
| Annual Tax Assessment                 | 5,074,988           |
| Remaining Redevelopment Area Life     | Various*            |
| <b>Total Estimated Tax Increment</b>  | <b>\$78,581,121</b> |

| Estimated Financing Sources    |                      |
|--------------------------------|----------------------|
| Estimated Developer Equity     | \$112,567,158        |
| Estimated Bank Financing       | 384,511,661          |
| RDA Assistance                 | 11,663,213           |
| <b>Total Financing Sources</b> | <b>\$508,742,032</b> |

**Project Manager:**  
Redevelopment Staff  
(702) 267-1515



### Key Facts

- **Redevelopment Area:** Downtown
- **Total retail square feet:** 805,000
- **Total office square feet:** 295,100
- **Total housing units:** 835
- **Parking spaces added:** 2,239
- **RDA Leverage Ratio:** 42.62:1



# WATER STREET DISTRICT

H E N D E R S O N



# The Pinnacle



## Project Description:

This exciting mixed-use project houses 15,000 square feet. By taking advantage of the Downtown Design Standards provision for 100 percent lot build out, canopies and balconies encroach on the sidewalk creating an inviting outdoor venue to accentuate the first restaurant. The second and third floor accommodates executive offices.

The executive office suites range from 100 to 245 square feet with some balcony suites available. This project is located less than one block from Henderson's City Hall, the Courthouse and the Henderson Convention Center and Special Events Plaza. This project is unique in that it is almost entirely woman-entrepreneur designed and constructed.

The Agency sold the land to the developer at market value and provided a \$950,000 deferred loan to be fully liquidated within five years. The building was used as collateral for the loan. The project was completed in January 2006. The estimated annual tax increment is anticipated to be \$36,085.



## Tax Increment Analysis

|                                       |                  |
|---------------------------------------|------------------|
| Estimated Construction and Soft Costs | \$3,382,000      |
| Estimated Appraised Land Value        | 173,000          |
| Total Estimated Value                 | 3,555,000        |
| Assessed Value Percentage             | 35%              |
| Assessed Value / 100                  | 12,443           |
| Tax Rate                              | 2.90             |
| Annual Tax Assessment                 | 36,085           |
| Remaining Redevelopment Area Life     | 19               |
| <b>Total Estimated Tax Increment</b>  | <b>\$685,609</b> |

## Financing Sources

|                                       |                    |
|---------------------------------------|--------------------|
| Developer Equity (2%)                 | 45,000             |
| Bank Financing (71%)                  | 2,560,000          |
| RDA Assistance (27%)<br>Deferred Loan | 950,000            |
| <b>Total Financing Sources</b>        | <b>\$3,555,000</b> |

**Project Manager:**  
**Michelle Romero**  
**(702) 267-1516**

## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Retail Square Footage:** 5,000
- **Office Square Footage:** 10,000
- **Price Range:** \$2.50 +
- **RDA Leverage Ratio:** 5.0:1
- **Start Date:** 01/10/05
- **Completion Date:** 01/31/06

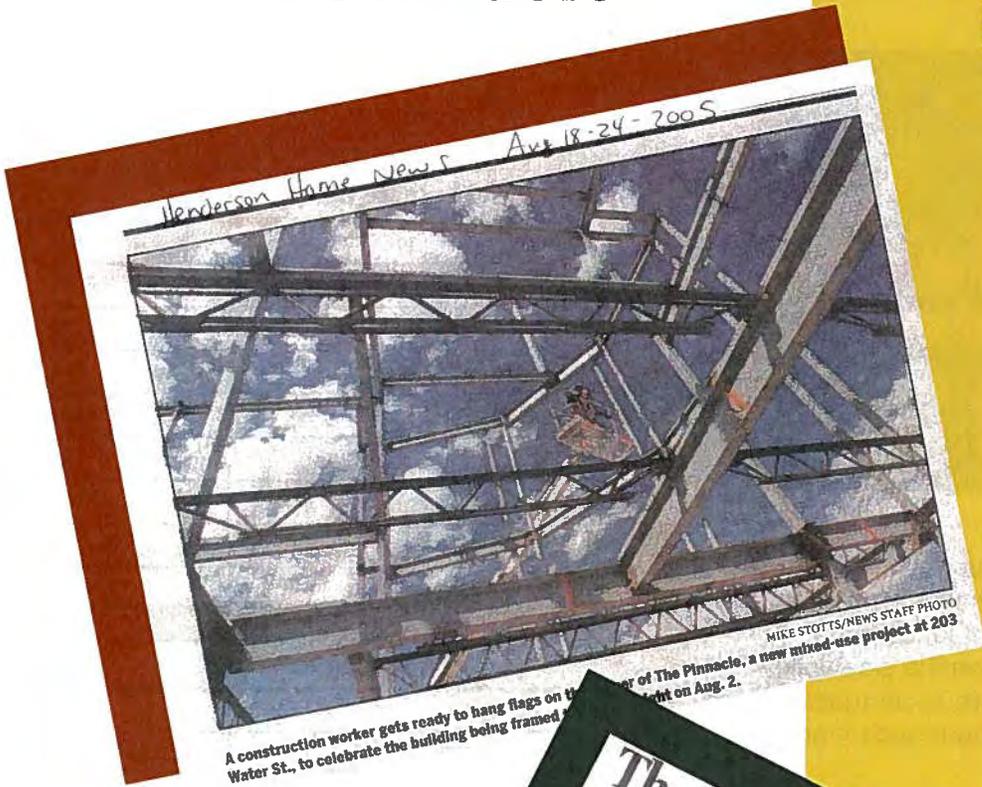
### Developer Information:

VLP Investments, LLC.  
Vicki Pullen  
Work: (702) 526-3614

### Agent Information:

Asset Mgmt and Realty  
Judy Henkens  
Work: (702) 568-6300

# The Pinnacle



## WESTERN REAL ESTATE BUSINESS JAN 2005 OFFICE



In Henderson, VLP Investments LLC will develop the \$2 million The Pinnacle.

**VLP INVESTMENTS TO DEVELOP THE PINNACLE IN DOWNTOWN HENDERSON**  
Henderson, Nev. —VLP Investments LLC will develop The Pinnacle, a \$2 million office building located at 203 S. Water St. in Henderson. The three-story, 12,000-square-foot building will feature a ground floor coffee house and bakery/restaurant. The Class A project is slated for completion in summer 2005. LF Construction is the contractor; MWT OFRA Architecture is the architect; Nevada By Design is the civil engineer. Asset Realty will handle leasing.

## The Pinnacle on Water Street reaches full height

By ERICA GRIMALDO

One of the first large projects of the Water Street development district marked a milestone on Aug. 2. Developers for The Pinnacle held a brief tipping-off ceremony, marking the completion of the building's main structure at 203 S. Water St., Atlantic Avenue.

The mixed-use project, which will have a Cynamon Spex restaurant and bakery on the ground floor and offices above, is on track to open in October, developers said.

"It's very pleased and very excited," said owner and developer Vicki Pullen of VLP Investments during the ceremony. She watched an American flag be raised to the top of the building and was one of the building's partners of the construction team — all women — who signed for the top floor.

"I usually a developer come in with an idea and help them flesh it out but I've got a vision for downtown development. I'm combining retail and office space — is part of the city's vision for downtown development."

"Initially a developer will come in with an idea and help them flesh it out but I've got a vision for downtown development. I'm combining retail and office space — is part of the city's vision for downtown development."

But it presented "challenges," said Harris Construction said.



Vicki Pullen, right, developer of The Pinnacle, signs a guide on the building with Michelle Romero, middle, of the Henderson Redevelopment Agency, and Ofra Gelman of MWT-Ofra Architects, which designed the building.

"One of the challenges for this project was planning all the plumbing, electrical, work and vents involved. In the first floor and office above, but the vents have to go up through the other two floors."

Cynamon Spex, which will be owned by Pullen and copy the entire ground floor, including an outside patio on Atlantic Avenue. The second and third floors will be divided into 26 office suites.

In addition to Pullen and Harris, the construction team includes architect Ofra Gelman of MWT OFRA Architects, civil engineer Margie Henkens of Nevada By Design, and leasing agent Judy The Henderson Redevelopment Agency was established

In 1995 to provide grants, low interest loans and other types of financing to stimulate residential developments and improve dilapidated buildings in the central area of the city.

The agency gave Pullen a \$50,000 bridge loan to help finance the \$2 million Pinnacle project. She has five years to pay off the loan, Romero said.

"Downtown was suffering from a lack of private investment and our goal was to bring that in," Romero said. "This project helped further our goals, because it encouraged other developers to come into this area."

### BRIEFS

Erica Grimaldo can be reached at 901-821 or erica.grimaldo@nevadapub.com

"The mixed use of the building— combining retail and office space—is part of the city's vision for downtown development."

# Corley Center



## Project Description:

The Agency entered into a Disposition and Development Agreement with a developer to build a 30,500 square foot mixed-use building. This project features retail/education on the first floor and Class "A" office on the second floor.

Formerly known as Water Street South, the center now includes the current tenants:

- **Clark County Credit Union:** This not-for-profit organization is focused on returning earnings to the members in the form of great rates and better services. Services include mortgages, auto loans, visa, home equity, and land and construction loans.
- **Nevada State College:** This educational institution of higher learning focuses on addressing the state's needs of teachers and nurses. The main campus in the foothills of Henderson is at capacity and NSC choose Downtown Henderson to call its remote home.
- **City Center Café:** The café features bistro dining with an Americana flavor.

Developer Information:  
Iris Corley  
Work: (702) 293-3668



## Tax Increment Analysis

|                                       |                  |
|---------------------------------------|------------------|
| Estimated Construction and Soft Costs | \$5,348,039      |
| Estimated Appraised Land Value        | 1,185,900        |
| <b>Total Estimated Value</b>          | <b>6,533,939</b> |
| Assessed Value Percentage             | 35%              |
| Assessed Value / 100                  | 22,869           |
| Tax Rate                              | 2.90             |
| Annual Tax Assessment                 | 66,398           |
| Remaining Redevelopment Area Life     | 19               |
| <b>Total Estimated Tax Increment</b>  | <b>1,261,562</b> |

## Financing Sources

|                                |                  |
|--------------------------------|------------------|
| Developer Equity (12%)         | 798,199          |
| Bank Financing (48%)           | 3,159,840        |
| <b>RDA Assistance (40%)</b>    |                  |
| Land Write Down                | 1,185,900        |
| Grant                          | 1,390,000        |
| <b>Total Financing Sources</b> | <b>6,533,939</b> |

**Project Manager:**  
**Cody Walker**  
**(702) 267-1521**

## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Retail Square Footage:** 11,400
- **Office Square Footage:** 19,000
- **Price Range:** \$2.25/sq foot
- **RDA Leverage Ratio:** 2.5:1
- **Start Date:** 03/10/05
- **Completion Date:** 12/10/05

# Corley Center

AKA - Water Street South



Michael Holland, left, owner of Gold Casters Jewelry, and Alice Martz, Henderson Chamber of Commerce chief executive officer, chat after the grand opening of Water Street South.

## Water Street South opens

**Mixed-use building adds to downtown's Art Deco ambiance**  
By HELEN AFRASIABI

A ribbon-cutting ceremony on Nov. 29 celebrated downtown Henderson's first new redevelopment project. Mayor Jim Gibson conducted the ceremony, unveiling a new 30,000-square-foot office building at 303 Water St., at the corner of Water Street and Basic Road. Those attending included city officials, architect Ron Hall and John Simmons of Simmons Consulting Group,

which designed the building, and members of the public who wanted to watch. "I think, architecturally, it's a great addition to the downtown," Simmons said. "It starts that synergy in the area, with everyone knowing it's beginning and bringing it to downtown." Hall and Simmons are co-owners of the building. Hall was responsible for the architectural design and Simmons, who is the former construction manager with the City of Henderson, acted as construction consultant. During an open house following the ribbon-cutting ceremony, tours were given to those wanting a look at the

building's interior. Some tenants of the two-wing building will include Nevada State College, It's A Grind Coffee and the marketing division of the city's Parks and Recreation Department. "I think it's a matter of importance that Nevada State's nursing program is here, along with the Clark County Credit Union. The amenities that they provide here are attracting some great businesses," Simmons said. The building, which cost \$5 million, is 85 percent occupied.

Helen Afrasiabi can be reached at 990-8913 or helen.afrastrabi@hrcpub.com.

## Nevada State College ready to move classes to Water Street

When the spring semester starts up at Nevada State College on Jan. 23, Water Street will become a miniature college town, as the college's entire nursing program, part of the teacher education program, moves faculty and the administrative staff into a new building across the street from Henderson City Hall. Nevada State College is leasing 13,460 square feet at a cost of \$1.1 million, said Nicole Fehsenberg Licht, director of facilities management and planning at Nevada State College. Negotiations are also in the works for an additional 25,000 to 34,000 square feet at the same location, he said.



The new building will house 35 employees and a couple hundred students, and will be used for student recruitment and other administrative work, Jacobson said. Not only will the relocated students have perks not previously found at the main campus, such as a dedicated computer lab, students will have more options to spend their time between classes, she said. At the new building on the main campus, which is temporarily used as a library arts building, students have little to choose from. There is a small social area and a booth selling coffee. Down the street and across the train tracks, there's a gas station. The city has designated a business redevelopment area, and students will be able to frequent restaurants and shops within walking distance of their satellite campus. Marshall Brown, who operates Nevada State's redaction, a Web site listing of Henderson shops and eateries, agreed that students will be a positive addition to the area. "It will certainly bring on the economy," Brown said. For many of the shops, he said, business generally isn't very good. "They want business, any way they can get it," Brown said. Jacobson said the students and faculty's presence will be beneficial to the surrounding business.

"It starts that synergy in the area, with everyone knowing it's beginning, and bringing them to Downtown."  
—John Simmons, Developer

# Water Street South II

Complete



KANSAS AVE ELEVATION

## Project Description:

The Phase 2 project would include 28,500 square feet of office space on two levels and 115 surface parking spaces. The entire Phase 2 project is to be leased by Nevada State College for additional classroom and faculty office space.

Nevada State College has indicated their intent to enter into a lease to occupy the entire Phase 2 building. The college projects 270 students and 40 faculty will occupy this building with hours of operation being Monday through Friday, 7:00 a.m. to 10:00 p.m. and 9:00 a.m. to 5:00 p.m. on Saturdays. The college requires that the Phase 2 building be completed by the end of 2006. What this means to the Agency is that there will be a significant influx of activity at this location, augmenting the pedestrian presence in the downtown which is a goal outlined in the Downtown Investment Strategy. Furtherance of the expansion of the Nevada State College has been an important focus of the City as well.

The total economic impact of locating the Nevada State College in downtown for Phase 2 is \$25.1 million and 105 jobs.

Developer Information:  
 Water Street South, LLC.  
 Ron Hall  
 Work: (702) 363-2222



| Tax Increment Analysis                |                    |
|---------------------------------------|--------------------|
| Estimated Construction and Soft Costs | \$5,164,853        |
| Estimated Appraised Land Value        | 2,030,000          |
| <b>Total Estimated Value</b>          | <b>7,194,853</b>   |
| Assessed Value Percentage             | 35%                |
| Assessed Value / 100                  | 25,182             |
| Tax Rate                              | 2.90               |
| Annual Tax Assessment                 | 73,028             |
| Remaining Redevelopment Area Life     | 17                 |
| <b>Total Estimated Tax Increment</b>  | <b>\$1,241,476</b> |

| Financing Sources              |                    |
|--------------------------------|--------------------|
| Developer Equity (19.3%)       | \$1,388,149        |
| Bank Financing (66.5%)         | 4,784,391          |
| RDA Assistance (19.3%)         |                    |
| Grant                          | 480,000            |
| Land Write-Down                | 542,313            |
| <b>Total Financing Sources</b> | <b>\$7,194,853</b> |

**Project Manager:**  
**Cody Walker**  
**(702) 267-1521**

## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Office Square Footage:** 28,500
- **Price Range:** \$2.10/sq. ft.
- **RDA Leverage Ratio:** 5.87:1
- **Start Date:** 03/15/06
- **Completion Date:** 08/30/06

# Water Street South II



reviewjournal.com

Dec. 29, 2005  
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## **DOWNTOWN HENDERSON: State college moving on up**

### **President's office five miles from main campus**

By K.C. HOWARD  
REVIEW-JOURNAL

The president of Nevada State College has packed up his office and is moving it five miles away from the college's main campus.

Fred Maryanski's new digs are at the recently completed Water Street South building, at Basic Road and Water Street in downtown Henderson.

About 13,000 square feet of Water Street South will serve as a satellite campus for Nevada State College. Administrative offices, three classrooms, two nursing labs and a media center will be located at the satellite campus, with classes set to begin there in late January.

The six-year lease, about \$27,400 per month, is the 3-year-old college's latest effort to accommodate its growing number of students and faculty. The school's main campus, in what had been a vitamin factory at 1125 Nevada State Drive, has just nine classrooms. Maryanski's former office is being converted into a 10th classroom, but it will be a relatively small one.

As for the possible drawbacks of moving his office to the satellite campus, Maryanski said, "We're going to be pretty evenly divided. No matter where I was, I would be with half the people. In that sense it was neutral."

The Water Street building will house about one-third of the campus, said Brad Jensen, the college's facilities management director. Earlier this year, the college rented about 3,000 square feet from the city of Henderson for business offices on Water Street.

# Meridian



## Project Description:

Located at the central hub of activity for Downtown at the corner of Water Street and Atlantic Avenue, The Meridian, is a 20,000 square-foot, three-story building. This project embodies a full mixed-use plan with commercial retail on the first floor, professional office on the second floor, and residential, market-rate apartments on the third floor.

The developer purchased the corner parcel and the Agency sold an adjacent parcel it owned to the developer at market rate. Additionally, the Agency provided a \$775,000, five-year deferred loan to the developer.

This project houses Lenny's Sub Shop, Water Street Gallery (very upscale), Downtown Sewing Machine Company, Taylor and Taylor Creations, RAFI Architecture, and five, luxury apartments.

This project complements both The Pinnacle, on the southeast corner and The Eldorado Casino's façade improvement project on the northwest corner. The project completed in March, 2007. The estimated annual tax increment is \$25,629.

Developer Information:  
 RLK Investments, LLC.  
 Krikor (Koko) Darakjian  
 Work: (702) 558-4623

Agent Information:  
 Vegas Valley Commercial  
 Nora Armenian  
 Work: (702) 217-4921



| Tax Increment Analysis                |                |
|---------------------------------------|----------------|
| Estimated Construction and Soft Costs | \$2,165,000    |
| Estimated Appraised Land Value        | 360,000        |
| Total Estimated Value                 | 2,525,000      |
| Assessed Value Percentage             | 35%            |
| Assessed Value / 100                  | 8,838          |
| Tax Rate                              | 2.90           |
| Annual Tax Assessment                 | 25,629         |
| Remaining Redevelopment Area Life     | 18             |
| <b>Total Estimated Tax Increment</b>  | <b>461,322</b> |

| Financing Sources                     |                    |
|---------------------------------------|--------------------|
| Developer Equity (15%)                | \$350,000          |
| Bank Financing (55%)                  | 1,400,000          |
| RDA Assistance (30%)<br>Deferred Loan | 775,000            |
| <b>Total Financing Sources</b>        | <b>\$2,525,000</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Retail Square Footage:** 6,600
- **Retail Lease/Square Foot:** \$2.05
- **Office Square Footage:** 6,600
- **Office Lease/Square Foot:** \$1.75
- **Housing Units:** 5
- **RDA Leverage Ratio:** 3.26:1
- **Start Date:** 01/31/06
- **Estimated Completion Date:** 03/15/07

# Meridian



LVR'S 12-14-00

## Meridian continues reshaping of downtown

### Henderson

By HUBBLE SMITH  
REVIEW JOURNAL

The Meridian, a three-story mixed-use building planned for downtown Henderson, held a groundbreaking Tuesday at 155 Water St., thereby joining a number of redevelopment projects that are shaping the Henderson Water Street District.

RLK Investments is developing the \$5.2 million Meridian, which will have 14,000 square feet of office and retail space and 7,000 square feet of living space.

Five 1,000-square-foot luxury apartment units come with 10-foot ceilings, balconies, kitchen appliances and washers and dryers. RLK partner Koko Darakjian said rents will run about \$1,100 a month. He said he may later decide to sell the units as condos, following what American Nevada Co. did at The District at Green Valley Ranch.

Darakjian said the project is well placed.

"There is no question that the redevelopment area of downtown Henderson known as the Water Street District is going to be the ideal location to establish a new business, entertainment venue or simply be a terrific place to live," Darakjian said.

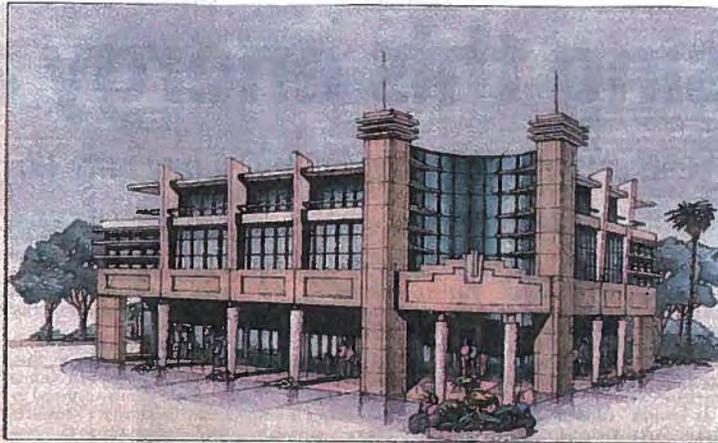
Architect Ofra Gelman of MWT OFRA said the project will contribute considerably to the overall environment that the Henderson Redevelopment Agency is trying to create for Water Street.

"It seamlessly mixes old with new, a style I like to call neo-deco," Gelman said. "The building has classic art deco features with a contemporary feel."

The Meridian's development team includes Prime Contracting, MWT OFRA Architecture, JPL Engineering and Strategic Engineering Group. Completion is scheduled for June.

The Henderson Redevelopment Agency provided a low-interest loan for the land, roughly one-third of an acre that was sold for \$226,000.

The Meridian is across



RENDERING COURTESY OF MWT OFRA ARCHITECTURE  
RLK Investments is developing The Meridian, a \$5.2 million mixed-use project in downtown Henderson. The Meridian will include five luxury apartment units with 14,000 square feet of office and retail space.

Atlantic Street from The Pinnacle, a three-story, 15,000-square-foot office and retail development by Vicki Pullen that's near completion.

A block away is the civic plaza the city of Henderson is developing.

**RHODES FINANCING:** Rhodes Homes has completed a \$500 million financing package arranged by Credit Suisse First Boston to pay off about \$230 million in existing debt, lower overall debt costs and provide the Las Vegas-based home developer with working capital.

The remaining balance of more than \$250 million will be used to develop the 5,750-acre Golden Valley master-planned community with 30,000 homes in northern Arizona.

Rhodes received approval Dec. 5 from the Mohave County Board of Supervisors for amendments to the general plan that allows for development of four communities in Arizona.

Rhodes also has 2,700 acres for The Village at White Hills, 7,176 acres for Peacock Highlands and 2,088 acres for Peacock Vista.

A fifth community, the 3,000-acre Retreat at Temple

Bar, was not approved.

**GRAND CAFE:** General Design & Construction completed construction of the 5,000-square-foot Grand Cafe at Palace Station.

The \$1.5 million project began in March.

Work included demolition of an existing restaurant, retail store and kitchen area. The new restaurant has a bakery and kitchens with high-end finishes such as flooring, granite countertops, plasma TVs, electrical and lighting, glass and mirror work and millwork.

Friedmutter Group is the architect of record.

**COFFEEHOUSE:** The historic First Methodist Church in downtown Las Vegas has completed its conversion to the Manpower Professional Building developed by partners Andy Katz and Jim Barbarite.

The structure at 231 S. Third St. dates back to 1905 and was rebuilt after a fire in the 1930s. It required more than two years of renovations at an estimated cost of \$2 million.

The city of Las Vegas provided a \$50,000 rebate that was used for a new roof, additional fencing and stone

work, painting and repaving the parking lot.

In addition to Manpower Copy Center, the building houses the Downtown Coffee Co. cafe and restaurant, which will soon include a New York-style deli.

The building was expanded from 9,000 square feet to 15,000 square feet to accommodate the new operations.

**TRANSACTIONS:** Brad Peterson and Jayne Cayton of CB Richard Ellis represented Green Valley Corporate Center in the 10-year lease of 7,395 square feet of office space at 901 N. Green Valley Parkway to HQ Global Workplaces.

Randy Broadhead of CE represented the tenant. The transaction was valued at \$2.54 million.

Bed Bath & Beyond signed a 10-year lease for 193,000 square feet of warehouse distribution space at Logistics Center in North Las Vegas. Dar Doherty and Patti Dillon of Colliers International represented the tenant and Suzette LaGrange and Chris Jenvolk of Colliers represented the landlord, DP Partners.

The transaction is valued at nearly \$8 million.

"There is no question that the redevelopment area of downtown Henderson, known as the Water Street District, is going to be the ideal location to establish a new business, entertainment venue, or simply a terrific place to live.

—Koko Darakjian  
Developer

# Pacific Pines



## Project Description:

Pacific Pines is located near the Downtown Senior Center in Downtown Henderson. The project houses 186, low-income, apartment units. To date, the project is complete and at full occupancy.

The total investment for the first building is approximately \$8.7 million. Rents range from \$259/month to \$503/month for a one- and two-bedroom unit, respectively.

The site originally housed the Townsite Apartments that were over 60 years old and in desperate need of repair.



| Tax Increment Analysis   |           |
|--|-----------|
| Estimated Construction and Soft Costs                            |           |
| Estimated Appraised Land Value                                   |           |
| Total Estimated Value  | 8,743,240 |
| Assessed Value Percentage**<br>(This development is tax exempt.) | 0%        |
| Assessed Value / 100   | —         |
| Tax Rate   | 2.90      |
| Annual Tax Assessment  | —         |
| Remaining Redevelopment Area Life                                | 18        |
| Total Estimated Tax Increment                                    | —         |

| Financing Sources       |               |
|-------------------------|---------------|
| Developer Equity (xx%)  | Not available |
| Bank Financing (xx%)    | Not available |
| RDA Assistance (xx%)    | N/A           |
| Tax Credits             | 634,051       |
| Total Financing Sources | 8,743,240     |

**Project Manager:**  
Cody Walker  
(702) 267-1521



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown High Density Residential
- **Housing Units Added:** 186
- **Unit Square Footage:** 789 sq ft - 1,012 sq ft
- **Price Range:** \$259 - \$503/month
- **RDA Leverage Ratio:** N/A
- **Start Date:** 07/01/04
- **Completion Date:** 07/30/07

Developer Information:  
Nevada HAND  
Mr. Mike Mullin  
Work: (702) 739-3345

# Pacific Pines

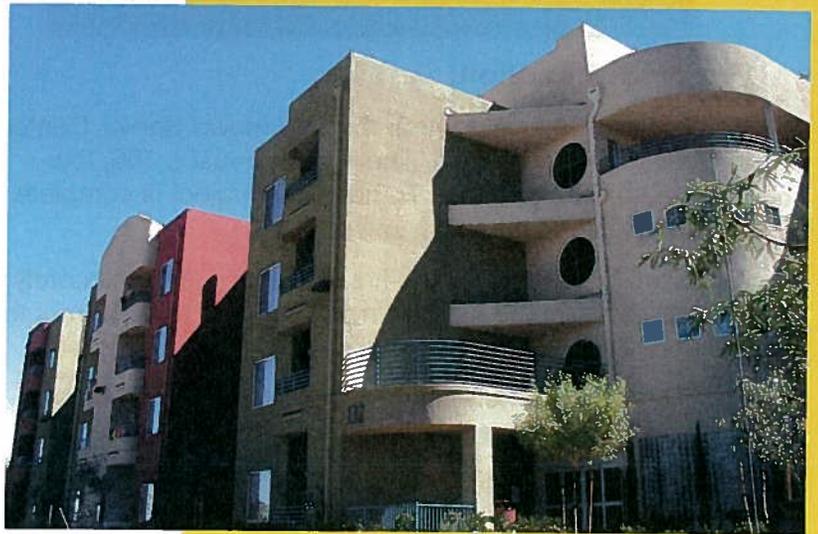


## NHD Announces Tax Credit Awards for 2005

### Nevada H.A.N.D., Inc. Holds Grand Opening for Pacific Pines Senior Apartments

Pacific Pines Senior Apartments, located in the downtown Henderson area, celebrated its grand opening on June 2. The Project will provide 84 affordable rental units for the 55+ age group. The complex consists of one- and two-bedroom size apartments with rents averaging \$477 a month for the one-bedroom size and \$572 for the two-bedrooms.

In partnership with the City of Henderson, Nevada HAND, Citibank, Federal Home Loan Bank of San Francisco, and others the Division participated through a low income housing tax credit allocation of \$499,904. HOME funds were utilized to assist in funding units for those whose incomes fall below 60% of the area median income.



NHD Reporter  
Second Quarter 2005

*A newsletter published by the Nevada Dept.  
of Business & Industry Housing Division*

# Lake Mead Crossing

Under Construction

## Lake Mead Crossing

NWC Lake Mead Pkwy & Water St | Henderson, NV | 89015

Retail Shops and Pad Space For Lease



### Project Description:

This project is located at the gateway to the Water Street District of Downtown Henderson at the corner of Lake Mead Parkway and Water Street. Anchored by Target, Staples, Marshall's, Ross and Petsmart, this will be the only power center within the Downtown Redevelopment Area.

Lake Mead Crossing is adjacent to Landwell's 2,200 acre, master-planned community that will boast a minimum of 11,250 dwelling units. Lake Mead Crossing will enjoy traffic counts of over 35,000 daily and have high visibility along Lake Mead Parkway.

At completion the project contain 780,000 square feet of retail space. At the corner of Lake Mead Parkway and Water Street will be a lifestyle center complementing the pedestrian look and feel of the Water Street District.

In addition to the anchor tenants, committed business include: Sportsmen's Warehouse, Payless Shoe Source, Hallmark, Jamba Juice, El Pollo Loco, Rack Room, Mattress Firm, and Pacific Dental. Several pad sites are available for banks and other stand alone businesses.

Target has opened, with Sportsman's Warehouse scheduled to open in October 2008.

Developer Information:  
Juliet Development  
Joshua Thomas  
Work: (702) 368-5800



### Tax Increment Analysis

|                                       |                   |
|---------------------------------------|-------------------|
| Estimated Construction and Soft Costs | \$125,000,000     |
| Estimated Appraised Land Value        | 25,000,000        |
| Total Estimated Value                 | 150,000,000       |
| Assessed Value Percentage             | 35%               |
| Assessed Value / 100                  | 52,500,000        |
| Tax Rate                              | 2.90              |
| Annual Tax Assessment                 | 1,522,500         |
| Remaining Redevelopment Area Life     | 16                |
| <b>Total Estimated Tax Increment</b>  | <b>24,360,000</b> |

### Financing Sources

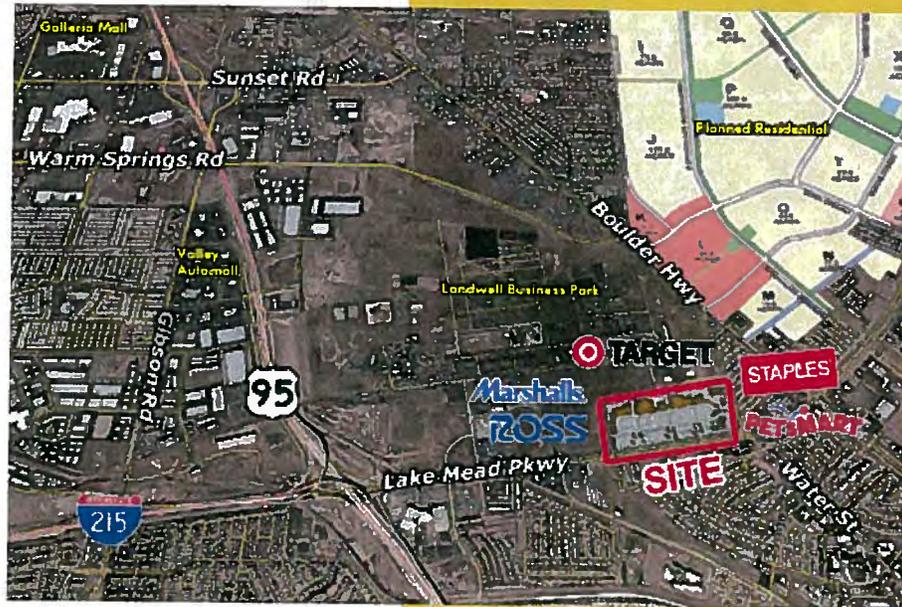
|                                |                    |
|--------------------------------|--------------------|
| Developer Equity (30%)         | 45,000,000         |
| Bank Financing (70%)           | 105,000,000        |
| RDA Assistance (0%)            | -                  |
| <b>Total Financing Sources</b> | <b>150,000,000</b> |

**Project Manager:**  
**Cody Walker**  
**(702) 267-1521**

### Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Highway Commercial
- **Retail Square Footage:** 780,000
- **Office Square Footage:** N/A
- **Price Range:** \$2.50 +
- **RDA Leverage Ratio:** N/A
- **Start Date:** 07/01/07
- **Completion Date:** 03/31/09

# Lake Mead Crossing

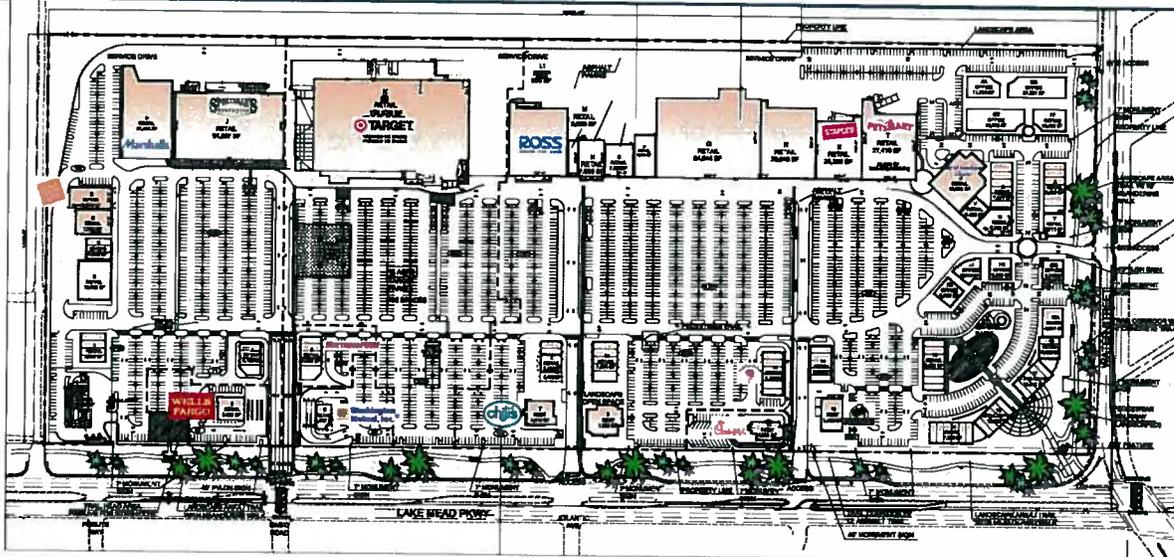


## LAKE MEAD CROSSING

NWC Lake Mead Pkwy & Water St, Henderson



Site Plan



FOR LEASING  
INFO CONTACT:

**MIKE GLEASON**  
702.363.3100 ext 113  
mgleason@roicre.com

**DAN ADAMSON**  
702.363.3100 ext 112  
dadamson@roicre.com

**SITE PLAN**  
SCALE: 1" = 100'



Disclaimer: Tenant mix is subject to change without notice

R.O.I. Commercial Real Estate, Inc.

7100 W Smarto Ranch Rd Suite 100 Las Vegas, NV 89128

P 702.363.3100 F 702.363.0450 www.roicre.com

# City Tower



## Project Description:

City Tower is a mixed-use retail/office, mid-rise project with structured parking that will anchor the downtown on the southeast corner of Lake Mead Parkway and Water Street. To date, preliminary architecture has been reviewed by the Redevelopment Agency. The net leaseable space is estimated at 442,000 square feet and comprised of retail, office and market-rate, for sale condominiums. Additionally, the development will host a parking structure of approximately 700 spaces.

The Agency sold 7 E. Lake Mead Pkwy., 18 and 22 Victory Road to the developer at appraised value.

The Developer sold approximately 3,000 square feet of land at the South East corner of Lake Mead and Water Street at appraised value for downtown monumentation.

The purchase of the Agency properties was financed by a note for a period of 5 years at prime rate. Payments are deferred until maturity.

The Agency will purchase 200 parking spaces in the garage once the project is complete provided the Agency is able to issue adequate bonds.

Pre-leasing is available through City Tower, LLC.

Developer Information:  
City Tower, LLC.  
Arik Raiter  
Work: (702) 355-3977

Agent Information:  
City Tower, LLC  
Arik Raiter  
Work: (702) 355-3977



| Tax Increment Analysis                |                     |
|---------------------------------------|---------------------|
| Estimated Construction and Soft Costs | \$85,500,000        |
| Estimated Appraised Land Value        | 4,500,000           |
| Total Estimated Value                 | 90,000,000          |
| Assessed Value Percentage             | 35%                 |
| Assessed Value / 100                  | 315,000             |
| Tax Rate                              | 2.90                |
| Annual Tax Assessment                 | 913,500             |
| Remaining Redevelopment Area Life     | 15                  |
| <b>Total Estimated Tax Increment</b>  | <b>\$13,702,500</b> |

| Financing Sources                           |                     |
|---|---------------------|
| Developer Equity (XX%)                      | TBA                 |
| Bank Financing (XX%)                        | TBA                 |
| RDA Assistance (XX%)<br>Purchase of Parking | (4,400,000)         |
| <b>Total Financing Sources</b>              | <b>\$90,000,000</b> |

**Project Manager:**  
**Anthony Molloy**  
**(702) 267-1511**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Retail Square Footage:** 32,000
- **Retail Lease/Square Foot:** TBA
- **Office Square Footage:** 96,000
- **Office Lease/Square Foot:** TBA
- **Housing Units:** 128
- **RDA Leverage Ratio:** TBA
- **Estimated Start Date:** 07/01/08
- **Estimated Completion Date:** 09/30/09

# City Tower



## Buildings cleared so City Tower may prog

Mixed-use project  
seen as gateway to  
Water Street District

By HUBBLE SMITH

REVIEW-JOURNAL

A former Texaco station, supper club and motorcycle shop at the corner of Lake Mead Drive and Water Street in downtown Henderson have been demolished to make way for the \$90 million City Tower mixed-use development.

The 2.5-acre parcel is seen as the gateway to the Water Street District and redevelopment projects such as the Pinnacle, Meridian and Water Street South.

City Tower, developed by brothers Arik and Ilan Raiter, is planned for two 12- and 15-story towers with 40,000 square feet of retail space, 168,000 square feet of office space, 137 condominiums and nine penthouse units. A 10,000-square-foot restaurant will be on the office building's top floor.

First-phase construction of the retail space and six-story

parking garage with 782 spaces is scheduled for completion in second quarter 2008.

Arik Raiter said City Tower's location is ideal.

"As one of the only authentic downtown main streets in Southern Nevada, the Water Street District is special," he said. "While many urban centers try to imitate it, the Water Street District is the only location where you'll feel a true sense of community."

Raiter said he paid more than \$1 million an acre for the site.



COURTESY ARIK AND ILAN RAITER

City Tower in downtown Henderson is planned for two 12- and 15-story towers with 40,000 square feet of retail space, 168,000 square feet of office space, 137 condominiums and nine penthouse units.

# Water Street Commons

Proposed



## Project Description:

On March 1, 2005, the Agency issued a Request for Qualifications (RFQ) for the 4.5-acre, Agency-owned site located at the southwest corner of Victory and Water Streets. The project is envisioned to create much needed retail and market-rate housing in the area defined as Downtown Retail District in the Downtown Investment Strategy.

The RFQ was the first phase of a two-step screening and selection process. The RFQ phase evaluated the developer's organization, previous experience in developing similar projects, and their financial capability to undertake a mixed-use project of this magnitude. Based upon the results of the RFQ phase, Cherry Development was selected to go forward to the second step, the proposal phase.

The developer prepared a definitive development plan including elevations, building architecture, timeline and other information. That proposal was approved by Redevelopment Agency Commission and Agency Board in March and April 2007, respectively.

The 4.5-acre site is a prime gateway location for traditional Downtown Henderson. The prominent corner location at Water and Victory Streets, plus the scale of surrounding buildings affords this project the opportunity to set the community standard for visual character through architectural design.

Developer Information:  
Cherry Development  
Sam Cherry

Agent Information:  
TBA



| Tax Increment Analysis                |                   |
|---------------------------------------|-------------------|
| Estimated Construction and Soft Costs | \$200,250,000     |
| Estimated Appraised Land Value        | 4,750,000         |
| Total Estimated Value                 | 205,000,000       |
| Assessed Value Percentage             | 35%               |
| Assessed Value / 100                  | 717,500           |
| Tax Rate                              | 2.90              |
| Annual Tax Assessment                 | 2,080,750         |
| Remaining Redevelopment Area Life     | 15                |
| <b>Total Estimated Tax Increment</b>  | <b>31,211,250</b> |

| Financing Sources              |                      |
|--------------------------------|----------------------|
| Developer Equity               | TBD                  |
| Bank Financing                 | TBD                  |
| RDA Assistance                 | N/A                  |
| <b>Total Financing Sources</b> | <b>\$205,000,000</b> |

**Project Manager:**  
**Cody Walker**  
**(702) 267-1521**

## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Retail Square Footage:** 35,000
- **Retail Lease/Square Foot:** TBD
- **Housing Units:** 451
- **Parking Spaces:** 575
- **RDA Leverage Ratio:** TBD
- **Estimated Start Date:** 09/01/08
- **Estimated Completion Date:** 06/30/10

# Water Street Commons



## Developers working with Henderson

Sam Cherry, chief executive officer of Cherry Development, described the planned development as two towers reaching up to 15 stories, bridged by a midrise. An amphitheater is being worked into the design, as is a replica of the Victory Theatre, a one-screen movie house previously located on Army Street and popular in the 1960s.

"We're trying to incorporate Old Henderson to keep people down there," Cherry said. "We feel it's important."

Prices are estimated to begin in the mid-\$200,000s for the lofts, Cherry said.

Cherry's company is notable in that the average age of the company's four partners is 28.

His first project, Soho Lofts LV, which broke ground in 2003, sold out last year.



COURTESY IMAGE

**Cherry Development is aiming to build a retail and residential development.**

Henderson Home News, April 5, 2007

# Asset Central



*Asset Central*

## Project Description:

Judy Henkens of Asset Realty is proposing to build a 45,000 square foot, three-story building on Water Street just south of the Water Street South project. The project, called Asset Central, is a single focus building that will be leased to businesses and service providers related to the real estate industry such as brokers, title company offices, mortgage lenders, property inspectors and the like, in addition to related retailers, such as office supplies.

The project consolidated three parcels of land under one ownership. Two of the parcels were vacant and underutilized. The third parcel was an older, one-level structure, which was in poor condition and functionally obsolete. The total land area is approximately 30,583 square feet. Net leasable area is estimated to be 36,000 square feet.

As a 45,000 square foot "infill" project, this is ideal for the Downtown area. The size of the project is not one that would attract a larger developer, as staff has seen in most of the projects to date in the Downtown Area.



| Tax Increment Analysis                |                    |
|---------------------------------------|--------------------|
| Estimated Construction and Soft Costs | \$11,500,000       |
| Estimated Appraised Land Value        | 1,900,000          |
| Total Estimated Value                 | 13,400,000         |
| Assessed Value Percentage             | 35%                |
| Assessed Value / 100                  | 46,900             |
| Tax Rate                              | 2.9                |
| Annual Tax Assessment                 | 136,010            |
| Remaining Redevelopment Area Life     | 15                 |
| <b>Total Estimated Tax Increment</b>  | <b>\$2,040,150</b> |

| Financing Sources              |                     |
|--------------------------------|---------------------|
| Developer Equity (13%)         | \$1,800,000         |
| Bank Financing (82%)           | 11,000,000          |
| RDA Assistance (5%)<br>Equity  | 600,000             |
| <b>Total Financing Sources</b> | <b>\$13,400,000</b> |

**Project Manager:**  
**Anthony Molloy**  
**(702) 267-1511**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Highway Commercial
- **Office Square Footage:** 45,000
- **RDA Leverage Ratio:** 22.3:1
- **Estimated Start Date:** 07/01/08
- **Estimated Completion Date:** 09/01/09

Developer Information:  
Asset Central, LLC.  
Judy Henkens  
Work: (702) 568-6300

Agent Information:  
Asset Realty  
Judy Henkens  
Work: (702) 568-6300



March 20, 2007

## Asset Central to break ground in May Real estate-related businesses to be based in building

By LAURA TUCKER  
VIEW STAFF WRITER

People looking for residential or commercial real estate in Henderson will have a one-stop shop once Asset Central is completed in spring 2008.

Construction is slated to break ground in May on the 40,000-square-foot office building in the Water Street District in downtown Henderson. The project is part of the city's downtown redevelopment efforts.

Asset Central will bring together Asset Realty with other tenants, such as a title and escrow company, mortgage broker and lender, real estate attorney, engineers, architects and a homeowners association management company.

"The whole concept of the building itself is to have housed in one space services, such as a title company, financing mortgages, et cetera," said Ned Madonia, Henderson senior redevelopment project manager.

The Class A office center will be located at 323 Water St., just off Basic Road. Its location across from City Hall will make it convenient for those who need to do business with the city, Madonia said.

Asset Central replaces a shopping center that stood on Water Street for almost 30 years and was demolished in December. The building was home to companies such as Dr. Kent Marshall Chiropractic, The Stomp, Potters House and the Beauty Saloon.

Judy Henkens, the owner and developer of Asset Realty, said the location is ideal for people involved with commercial realty.

"If we have a developer, he's right there by City Hall and the judicial building," Henkens said. "It's just going to make it so convenient for the individual for whatever they are trying to accomplish."

Currently, Henkens said, the intent is to have one company for each service housed in the building.

"That is the intention right now, but I am open to whatever the market is going to," she said.

Henkens is working with the Henderson Redevelopment Agency to keep the design in line with the city's vision. The agency has committed \$600,000 to the \$12 million project as an equity investment.

"We're so excited that Judy (Henkens), who is a long-term Henderson business owner ... is expanding greatly her operations," said Michelle Romero, the acting redevelopment manager.

According to Romero, Asset Central will comply with the city's mission to create a pedestrian-friendly atmosphere.

"It will have the park benches and the shade trees and all the same things that are found along the rest of the street," Romero said.

In addition to open windows, Romero said, the office building will have a balcony overlooking the street.



SPECIAL TO VIEW

Construction on Asset Central is scheduled to begin in May on Water Street in downtown Henderson. The 40,000-square-foot building will be home to Asset Realty, as well as a title and escrow company, a mortgage broker and lender, and other related businesses.

Henkens said the windows will have the half-moon design of her current office, a converted town-side home located at 14 Water St. In the lobby of the new office, there will be a 5-foot-wide, 15-foot-tall salt water aquarium that will consume one level of the first floor, she said.

"It's going to be a wonderful building," Henkens said.

In addition, Henkens said, she plans to employ retired police officers to act as ambassadors who will greet customers and guard the building.

"That's going to help our retirees have jobs," she said.

For more information, visit [www.asset-central.com](http://www.asset-central.com).

# Gateway



## Project Description:

A developer has purchased the southeast corner parcel of Water Street and Victory Road. The current plan is to demolish the existing, small Port of Subs building that old and blighted, replacing it with a two-story, 10,000 square-foot building. The building will house a restaurant and bar on the first floor and tavern with live jazz music and small plays on the second floor.

The restaurant will feature outdoor seating and vent on to the street creating an inviting aroma for patrons. Dining will spill onto the sidewalk and there will also be seating available for the tavern on a second-floor cantilevered balcony, which will extend 10 feet over the sidewalk. Retractable glass doors will be installed on the first floor along Water Street that, weather permitting, can be opened to expose activity inside the restaurant. This is adjacent to the outdoor, sidewalk seating.

Landscaping will provide greenery and color to increase the vitality and warmth of the setting.



| Tax Increment Analysis                |                    |
|---------------------------------------|--------------------|
| Estimated Construction and Soft Costs | \$7,600,000        |
| Estimated Appraised Land Value        | 400,000            |
| Total Estimated Value                 | 8,000,000          |
| Assessed Value Percentage             | 35%                |
| Assessed Value / 100                  | 28,000             |
| Tax Rate                              | 2.90               |
| Annual Tax Assessment                 | 81,200             |
| Remaining Redevelopment Area Life     | 15                 |
| <b>Total Estimated Tax Increment</b>  | <b>\$1,218,000</b> |

| Financing Sources              |                    |
|--------------------------------|--------------------|
| Developer Equity               | TBD                |
| Bank Financing                 | TBD                |
| RDA Assistance                 | None               |
| <b>Total Financing Sources</b> | <b>\$8,000,000</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Retail Square Footage:** 10,000
- **Retail Lease/Square Foot:** TBD
- **RDA Leverage Ratio:** N/A
- **Estimated Start Date:** TBD
- **Estimated Completion Date:** TBD

Developer Information:

Darrell Dyer

Agent Information:

TBA

# Park Bench Plaza



## Project Description:

Matso LLC has purchased the former Friends Salon located at 38 Water Street. The existing building is scheduled to be demolished and a new, mixed-use building will be built. The first floor will be retail and the second and third floors will be medical offices.



| Tax Increment Analysis                |                  |
|---------------------------------------|------------------|
| Estimated Construction and Soft Costs | \$2,775,000      |
| Estimated Appraised Land Value        | 225,000          |
| Total Estimated Value                 | 3,000,000        |
| Assessed Value Percentage             | 35%              |
| Assessed Value / 100                  | 10,500           |
| Tax Rate                              | 2.90             |
| Annual Tax Assessment                 | 30,450           |
| Remaining Redevelopment Area Life     | 15               |
| <b>Total Estimated Tax Increment</b>  | <b>\$456,750</b> |

| Financing Sources              |                    |
|--------------------------------|--------------------|
| Developer Equity               | TBD                |
| Bank Financing                 | TBD                |
| RDA Assistance                 | None               |
| <b>Total Financing Sources</b> | <b>\$3,000,000</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



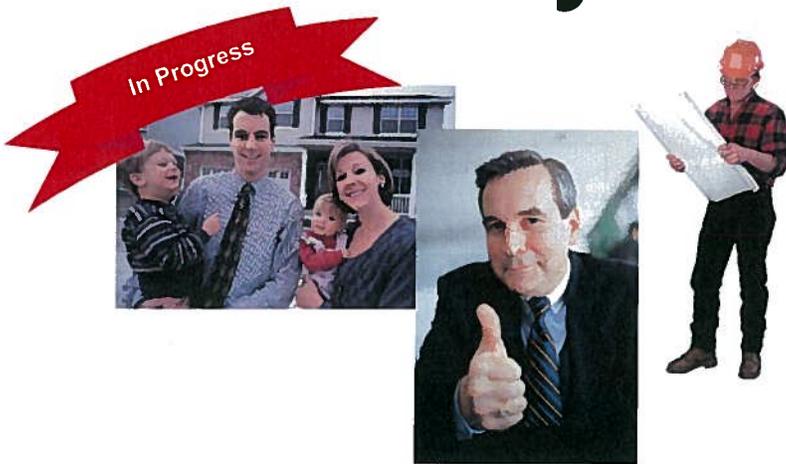
## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Retail Square Footage:** 5,000
- **Retail Lease/Square Foot:** TBD
- **Office Square Footage:** 10,000
- **Office Lease/Square Foot:** TBD
- **RDA Leverage Ratio:** TBD
- **Estimated Start Date:** TBD
- **Estimated Completion Date:** TBD

Developer Information:  
 Matso LLC

Agent Information:  
 Lee & Associates  
 John Bacon  
 (702) 739-6222

# Downtown Programs Summary



## Program Description:

While new development is a priority and a catalyst to forming the pedestrian-friendly, vibrant sense of place that the Agency envisions, it must be done in harmony with many existing, mature structures. A challenge that comes with development is filling the new inventory with thriving businesses.

In 2001, the Agency adopted the Downtown Investment Strategy providing some guiding principles and insight into our existing strengths/assets and areas of improvement. To complement the Strategy, in 2004, the Agency commissioned a Market Feasibility and Development Plan, which guides the development of Downtown and focuses on attracting arts and culture, boutique shopping, support and professional services, and market-rate housing to the area.

To achieve the synergy necessary for a complete Downtown enhancement (i.e. improving existing structures, retaining and expanding existing businesses, recruiting new businesses, and improving housing conditions), the Agency has created several programs:

- Façade Improvement Program
- Revolving Loan Fund Program
- Home Improvement/Second Mortgage Program

The pages that follow describe each program and provide photos - some, very dramatic transformations.



## Key Facts

- **Redevelopment Area:** Downtown
- **Façade Participants:** 34
- **Revolving Loan Participants:** 1
- **Home Improvement Participants:** 7

# façade Improvement Program Summary

## Program Description:

As part of the overall redevelopment strategy, the City of Henderson Redevelopment Agency, through its Façade Improvement Loan Program, provides loans to eligible property owners to enhance commercial buildings and storefronts within the program designated area.

The program is administered by Agency staff and operates on a reimbursement basis whereby the applicant is responsible for all payments to professionals, City departments and contractors. Agency staff will verify actual costs incurred by borrower prior to reimbursement.

Eligible improvements include: painting of the entire building façade (including decorative architectural elements), rear entrances, and sides of the building, and construction installation and/or renovation of awnings, marquees, doors, windows, signage, display window lighting, tiles, pavement between door and sidewalk, landscaping and other façade improvements approved by the Agency. All improvements must be compatible with the adopted design standards.

Eligible costs include preparation and construction, permits and fees, construction drawings, and conceptual design costs.

Subject to the availability of funding, the property owner may receive the lesser of 80% of eligible project costs incurred, or the maximum allowable loan per storefront according the Agency's storefront/participation matrix.

Once the project is completed and the owner reimbursed, the five-year, deferred loan is in place at an interest rate of a five-year Treasury note yield, plus 3%. Provided the property owner meets the program's Maintenance Obligation for five years, the loan, principal and interest, are forgiven thus making the Agency's contribution a grant.



| Tax Increment Analysis on all Completed |             |
|---|-------------|
| Total Façade Improvement Costs          | \$2,194,167 |
| Assessed Value Percentage               | 35%         |
| Assessed Value / 100                    | 7,680       |
| Tax Rate                                | 2.90        |
| Annual Tax Assessment                   | 22,272      |
| Remaining Redevelopment Area Life       | Various*    |
| <b>Total Estimated Tax Increment</b>    |             |

\*Calculated based on project completion date

| Financing Sources                  |                    |
|------------------------------------|--------------------|
| Property Owner Contribution        | \$1,347,632        |
| RDA Assistance<br>RDA Façade Funds | 846,565            |
| <b>Total Financing Sources</b>     | <b>\$2,194,197</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Commercial
- **Number of Full Facades Improved:** 12
- **Number of Paint Up Recipients:** 17
- **Number of Sign Recipients:** 5
- **RDA Leverage Ratio:** 1.6:1

# façade Improvement - Pacific Center



## Project Description:

Property owner, Leonard Smith, remembers when downtown was a thriving place to be. A time when people would congregate at the soda fountain to discuss the happenings of the day. To try to regain the nostalgia of days gone by, Mr. Smith participated in the Agency's Façade Improvement Program taking the building from dreary to striking.

The moderne architecture, planters, bright colors, signage and canopies are all an added treat to the eye. The businesses have since experienced more traffic and are taking the initiative to keep the sidewalks free of debris.

Current tenants include: El Mexicano Restaurant, Shear Trends Salon and Spa, Sam Pan Restaurant, and Old Town Gallery.

Property Owner:  
Leonard Smith

Property Location:  
10 Pacific Avenue  
Downtown Henderson



| Tax Increment Analysis               |               |
|--------------------------------------|---------------|
| Total Façade Improvement Costs       | \$121,401     |
| Assessed Value Percentage            | 35%           |
| Assessed Value / 100                 | 425           |
| Tax Rate                             | 2.90          |
| Annual Tax Assessment                | 1,233         |
| Remaining Redevelopment Area Life    | 21            |
| <b>Total Estimated Tax Increment</b> | <b>25,893</b> |

| Financing Sources              |                  |
|--------------------------------|------------------|
| Property Owner Contribution    | \$97,121         |
| RDA Assistance<br>RDA Funds    | 24,280           |
| <b>Total Financing Sources</b> | <b>\$121,401</b> |

**Project Manager:**  
**Ned Madonia**  
**(702) 267-1511**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** 4:1
- **Start Date:** 03/01/02
- **Completion Date:** 12/31/02

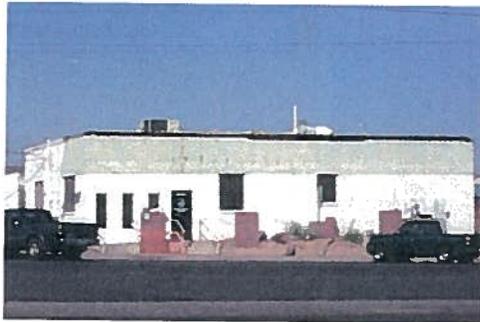
# façade Improvement - PDA Architects



After



Before



## Project Description:

This bland, concrete building received its facelift in Fiscal Year 2003.

Today it features some vibrant colors, and includes a street presence with the awning that extends to the street. The rust block work, along with the glass block and corrugated roofing of the awning, are very pleasing to the eye. A definite improvement that wears its moderne features well.

| Tax Increment Analysis               |               |
|--------------------------------------|---------------|
| Total Façade Improvement Costs       | \$48,395      |
| Assessed Value Percentage            | 35%           |
| Assessed Value / 100                 | 169           |
| Tax Rate                             | 2.90          |
| Annual Tax Assessment                | 491           |
| Remaining Redevelopment Area Life    | 21            |
| <b>Total Estimated Tax Increment</b> | <b>10,311</b> |

| Financing Sources              |                 |
|--------------------------------|-----------------|
| Property Owner Contribution    | \$18,395        |
| RDA Assistance<br>RDA Funds    | 30,000          |
| <b>Total Financing Sources</b> | <b>\$48,395</b> |

**Project Manager:**  
**Ned Madonia**  
**(702) 267-1511**

## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** .63:1
- **Start Date:** 04/01/02
- **Completion Date:** 12/31/02

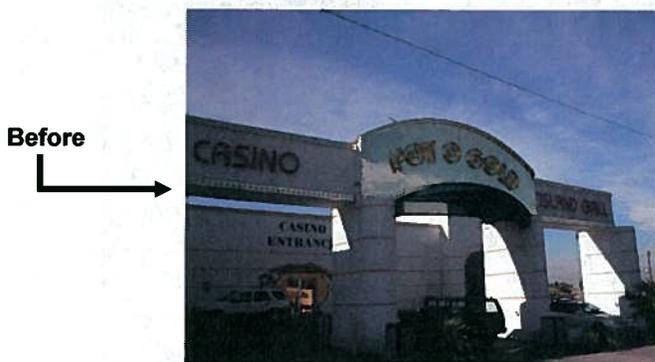
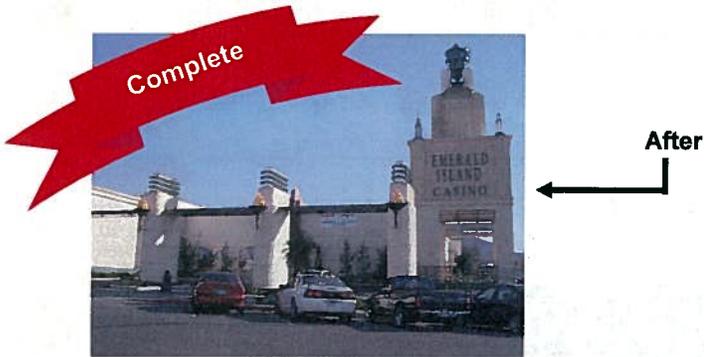
Property Owner:

Tom Foster

Property Location:

108 Market Street  
Downtown Henderson

# façade Improvement - Emerald Island



## Project Description:

The Pot O Gold Casino, formerly a post office, remained vacant for 24 months until it was purchased in 2002. The new owners wanted to feature an Irish theme and worked with Redevelopment staff to create an enticing façade with a lighted, emerald tower that can be seen for miles. The building is patterned after the 1927-built Music Tower created by architects Walker & Gillette.

Today this gem brightens up the corner of Market Street and Navy Street and the addition of the external gothic, flamed lighting provides pedestrians with safe, well-lit passage on the sidewalk.

The façade even features an outdoor patio that can be used for dining or outdoor entertainment.

Property Owner:  
Boulder Highway  
Gaming LLC

Property Location:  
120 Market Street  
Downtown Henderson



| Tax Increment Analysis               |                |
|--------------------------------------|----------------|
| Total Façade Improvement Costs       | \$486,800      |
| Assessed Value Percentage            | 35%            |
| Assessed Value / 100                 | 1,704          |
| Tax Rate                             | 2.90           |
| Annual Tax Assessment                | 4942           |
| Remaining Redevelopment Area Life    | 21             |
| <b>Total Estimated Tax Increment</b> | <b>103,782</b> |

| Financing Sources              |                  |
|--------------------------------|------------------|
| Property Owner Contribution    | \$396,800        |
| RDA Assistance<br>RDA Funds    | 90,000           |
| <b>Total Financing Sources</b> | <b>\$486,800</b> |

**Project Manager:**  
**Ned Madonia**  
**(702) 267-1511**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** 4.4:1
- **Start Date:** 03/01/03
- **Completion Date:** 06/30/03

# Emerald Island



24

HENDERSON HOME NEWS  
MARCH 25

## Emerald Island expanding

By AFSHA BAWANY

Local residents will see a change to a downtown casino.

The Emerald Island Casino, 120 Market St., is undergoing an expansion to cater to more customers and to become part of the redevelopment of downtown Henderson.

The owners of the casino, twins Tim and Mike Brooks, have signed a 23-year lease for a piece of property that sits next to the current building.

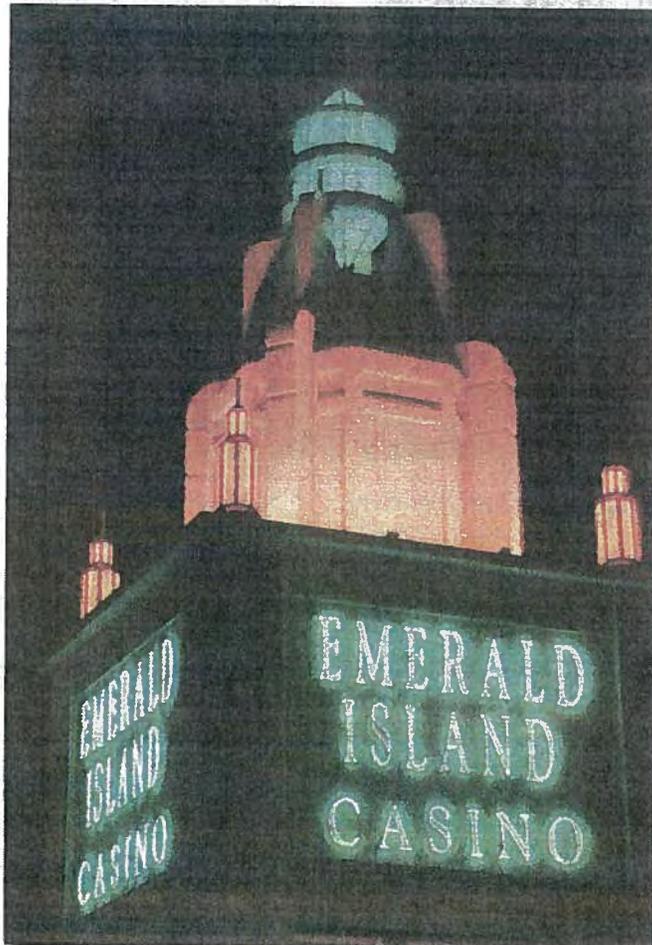
The new building will house the 4,500-square-foot Emerald Salsa Video Poker Lounge, with 15 video poker machines at the bar and 65 on the main floor. The games range from one cent to \$1. The poker lounge will open within the next four months and the remaining construction and remodeling will be complete within six months.

Some features of the new addition include a larger bar with a variety of Mexican appetizers such as taquitos, nachos and margaritas.

The building will be connected to the main casino and its exterior will resemble Spanish features.

The main casino will also remodel its restrooms and the non-smoking room, and will expand the dining area. Outdoor food service on the patio has already begun.

The Brooks brothers have owned the casino for 10 months. Tim Brooks said the expansion was necessary because of growing clientele.



MIKE STOTTS/NEWS STAFF PHOTO

**The exterior of the Emerald Island Casino shines brightly at night.**

"We're very pleased with the response we receive at Emerald Island and the overwhelming community support," Tim Brooks said. "We're going to give them more of what they want."

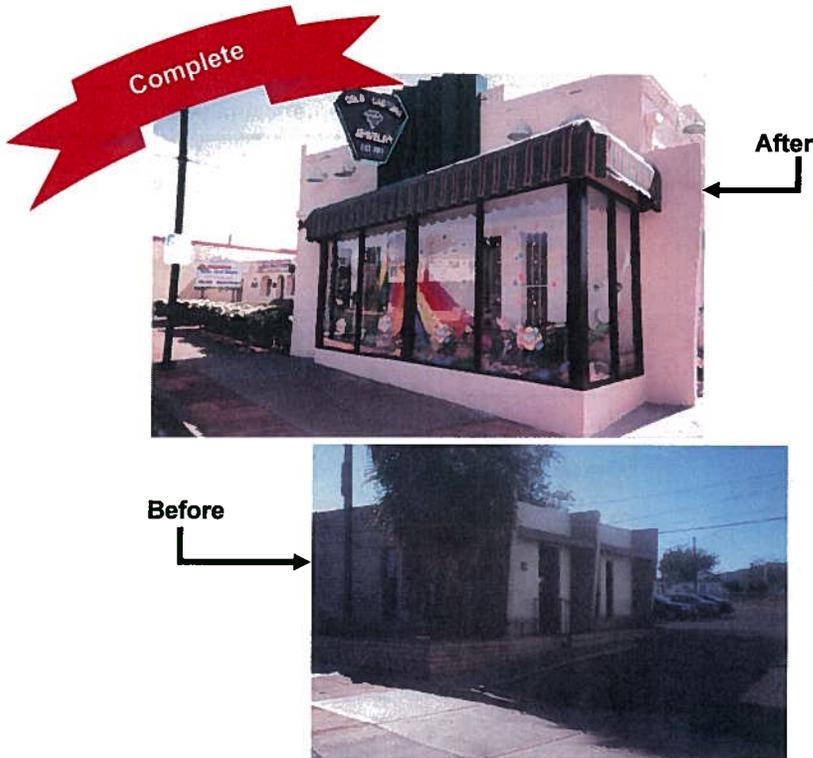
Downtown Henderson will also be pleased to see the renovations, Tim Brooks said.

"Whenever you have more

open businesses anywhere, it brings more people and more revenue for the area," Tim Brooks said. "We know downtown is growing and the whole area around here is changing for the better and we want to be a part of that."

*Afsha Bawany, a Henderson Home News staff writer, can be reached at 990-2659.*

# façade Improvement - Gold Casters



## Project Description:

Michael Holland has been the master-mind and master-crafter of Goldcaster's Jewelry in Downtown Henderson for over 25 years. Originally, he leased space at 27 Water Street until he could reach his long-term goal of owning property in the Water Street District for his business.

In 2004, Mr. Holland purchased a vacant building just a short jog south and across the street from his existing business. With the help of the Agency, Mr. Holland not only expanded his business, but gave the old, tattered building a bright, flourishing existence.

Through excellence in customer service and his longevity on Water Street, Mr. Holland has successfully transitioned his business to a new location and increased his presence on Water Street.

Property Owner:  
Michael Holland

Property Location:  
34 Water Street  
Downtown Henderson



| Tax Increment Analysis               |                 |
|--------------------------------------|-----------------|
| Total Façade Improvement Costs       | \$73,950        |
| Assessed Value Percentage            | 35%             |
| Assessed Value / 100                 | 259             |
| Tax Rate                             | 2.90            |
| Annual Tax Assessment                | 751             |
| Remaining Redevelopment Area Life    | 21              |
| <b>Total Estimated Tax Increment</b> | <b>\$15,771</b> |

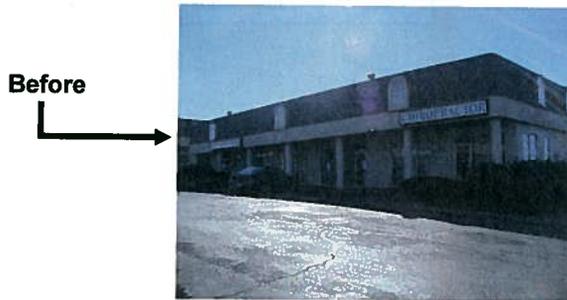
| Financing Sources              |                 |
|--------------------------------|-----------------|
| Property Owner Contribution    | \$59,160        |
| RDA Assistance<br>RDA Funds    | 14,790          |
| <b>Total Financing Sources</b> | <b>\$73,950</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**

## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** 4:1
- **Start Date:** 09/01/03
- **Completion Date:** 05/31/04

# façade Improvement - lake Mead Business Center



## Project Description:

The original façade improvement took a bland building and brightened it up. Since the facelift, the property owner has purchased adjacent property and completed a new commercial, office building.

| Tax Increment Analysis               |                 |
|--------------------------------------|-----------------|
| Total Façade Improvement Costs       | \$113,606       |
| Assessed Value Percentage            | 35%             |
| Assessed Value / 100                 | 398             |
| Tax Rate                             | 2.90            |
| Annual Tax Assessment                | 1,154           |
| Remaining Redevelopment Area Life    | 20              |
| <b>Total Estimated Tax Increment</b> | <b>\$23,080</b> |

| Financing Sources              |                  |
|--------------------------------|------------------|
| Property Owner Contribution    | \$23,606         |
| RDA Assistance<br>RDA Funds    | 90,000           |
| <b>Total Financing Sources</b> | <b>\$113,606</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** .26:1
- **Start Date:** 04/01/04
- **Completion Date:** 08/31/04

Property Owner:  
Roy Phillips

Property Location:  
129 W Lake Mead  
Downtown Henderson

# façade Improvement - Nevada Power



After



Before

## Project Description:

From frumpy to fabulous, this little gem on Water Street removed an outdated mansard and created an inviting presence.



| Tax Increment Analysis               |                 |
|--------------------------------------|-----------------|
| Total Façade Improvement Costs       | \$61,847        |
| Assessed Value Percentage            | 35%             |
| Assessed Value / 100                 | 217             |
| Tax Rate                             | 2.90            |
| Annual Tax Assessment                | 692             |
| Remaining Redevelopment Area Life    | 20              |
| <b>Total Estimated Tax Increment</b> | <b>\$12,580</b> |

| Financing Sources              |                 |
|--------------------------------|-----------------|
| Property Owner Contribution    | \$31,847        |
| RDA Assistance<br>RDA Funds    | 30,000          |
| <b>Total Financing Sources</b> | <b>\$61,847</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** 1:1
- **Start Date:** 12/01/03
- **Completion Date:** 12/01/04

Property Owner:  
Dr. John Noel

Property Location:  
227 Water Street  
Downtown Henderson

# façade Improvement - Eldorado Casino



After



Before



## Project Description:

This \$350,000 façade improvement brightens up one of downtown's oldest establishments. In addition to bright signage, the building hosts awnings and mini-murals painted by Guiseppe Abrue.

| Tax Increment Analysis               |                 |
|--------------------------------------|-----------------|
| Total Façade Improvement Costs       | \$350,000       |
| Assessed Value Percentage            | 35%             |
| Assessed Value / 100                 | 1,225           |
| Tax Rate                             | 2.90            |
| Annual Tax Assessment                | 3.553           |
| Remaining Redevelopment Area Life    | 19              |
| <b>Total Estimated Tax Increment</b> | <b>\$67,507</b> |

| Financing Sources              |                  |
|--------------------------------|------------------|
| Property Owner Contribution    | \$260,000        |
| RDA Assistance<br>RDA Funds    | 90,000           |
| <b>Total Financing Sources</b> | <b>\$350,000</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



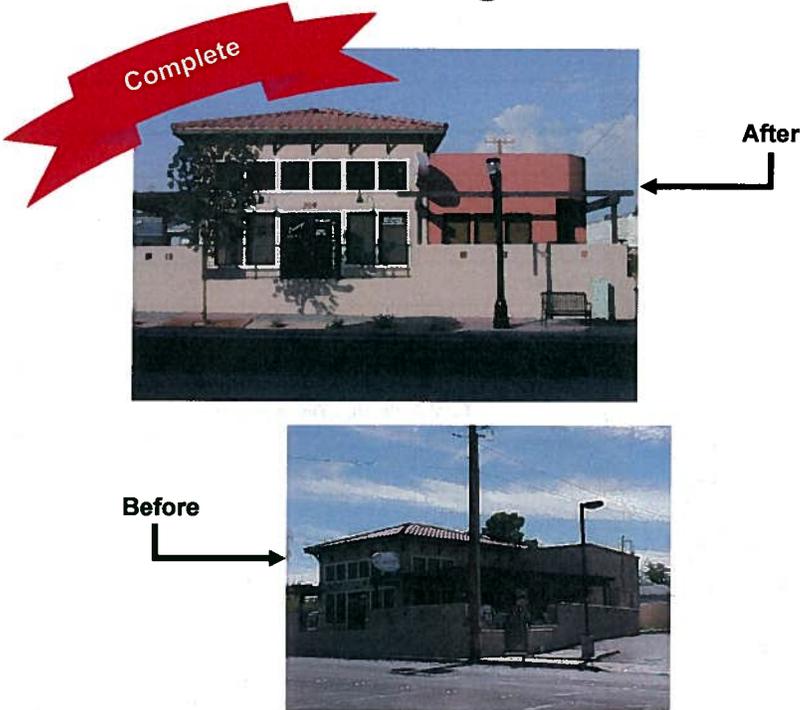
## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** 2.88:1
- **Start Date:** 07/01/05
- **Completion Date:** 08/01/06

Property Owner:  
Boyd Gaming

Property Location:  
140 Water Street  
Downtown Henderson

# façade Improvement - Emery's



## Project Description:

This façade improvement transformed an outdoor dining area into an enclosed restaurant section along with the addition of a bar. The colors complement the new development of Water Street South just across the street.

Emery's features mouth-watering Italian dining Thursday - Saturday 4pm to 9pm and also caters events of all sizes. The menu has all the Italian favorites from spaghetti, ravioli, linguini calamari, to scampi savoy along with dishes of veal, chicken, steak and seafood - all reasonably priced.

Property Owner:  
Viscuglia Trust

Property Location:  
306 Water Street  
Downtown Henderson



| Tax Increment Analysis               |                 |
|--------------------------------------|-----------------|
| Total Façade Improvement Costs       | \$86,922        |
| Assessed Value Percentage            | 35%             |
| Assessed Value / 100                 | 304             |
| Tax Rate                             | 2.90            |
| Annual Tax Assessment                | 882             |
| Remaining Redevelopment Area Life    | 19              |
| <b>Total Estimated Tax Increment</b> | <b>\$16,758</b> |

| Financing Sources              |                 |
|--------------------------------|-----------------|
| Property Owner Contribution    | \$56,922        |
| RDA Assistance<br>RDA Funds    | 30,000          |
| <b>Total Financing Sources</b> | <b>\$86,922</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** 1.52:1
- **Start Date:** 07/01/05
- **Completion Date:** 05/30/06

# façade Improvement - Broadbent



| Tax Increment Analysis               |                 |
|--------------------------------------|-----------------|
| Total Façade Improvement Costs       | \$103,000       |
| Assessed Value Percentage            | 35%             |
| Assessed Value / 100                 | 361             |
| Tax Rate                             | 2.90            |
| Annual Tax Assessment                | 1,047           |
| Remaining Redevelopment Area Life    | 19              |
| <b>Total Estimated Tax Increment</b> | <b>\$19,893</b> |

| Financing Sources              |                  |
|--------------------------------|------------------|
| Property Owner Contribution    | \$25,000         |
| RDA Assistance<br>RDA Funds    | 78,000           |
| <b>Total Financing Sources</b> | <b>\$103,000</b> |

## Project Description:

This former pharmacy site is the home to Broadbent and Associates. The building was originally dull and showed some signs of aging. The façade improvement is traditional moderne in shades of gray with stone accents and a splash of color. The added lighting makes this remodel a bright addition for downtown's evening events, like Third Thursday.

Broadbent & Associates, Inc. (BAI), founded in 1987, is an established environmental, water resources and civil engineering firm with experience in Nevada, Arizona, California, Texas, New Mexico and Utah.

BAI has a multi-disciplinary team composed of engineers, hydrologists, geologists, biologists, and public land specialists. BAI staff hold professional registrations in Nevada, Arizona, California, Texas, Oregon, Idaho, New Mexico, Utah and Wyoming. Professionals with BAI have extensive consulting experience in the west.

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**

## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** 1:75
- **Start Date:** October, 2005
- **Completion Date:** February, 2006

Property Owner:

Bob Broadbent  
563-0600

Property Location:

6 & 8 W Pacific Avenue  
Downtown Henderson

# façade Improvement - Pro Shop



After

## Project Description:

This façade improvement also added 10,000 square feet of retail space to the showroom and provides large glass windows so the over 3,000 passersby on Lake Mead Drive can peer in and see the merchandise on display.

Proshop Motorsports and Marine is proud to offer the very best brands for families to enjoy the outdoors in southern Nevada.

Whether you want to hit the lake or the dirt and sand, ProShop has just what you want. The new showroom features the latest from Malibu Boats, SeaDoo watercraft and sportboats as well as BRP (Bombardier Recreational Products) all-terrain vehicles. Proshop is a watersport headquarters. Not sure which waterski or wakeboard to buy? Demo as many times as you'd like and find the one that's just right for you. Your one stop shop for your outdoor water sports needs.

Property Owner:  
Dan Boyle

Property Location:  
575 W Lake Mead  
Downtown Henderson



| Tax Increment Analysis               |                 |
|--------------------------------------|-----------------|
| Total Façade Improvement Costs       | \$430,000       |
| Assessed Value Percentage            | 35%             |
| Assessed Value / 100                 | 1,505           |
| Tax Rate                             | 2.90            |
| Annual Tax Assessment                | 4,365           |
| Remaining Redevelopment Area Life    | 19              |
| <b>Total Estimated Tax Increment</b> | <b>\$82,935</b> |

| Financing Sources              |                  |
|--------------------------------|------------------|
| Property Owner Contribution    | \$376,000        |
| RDA Assistance<br>RDA Funds    | 54,000           |
| <b>Total Financing Sources</b> | <b>\$430,000</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** 6.96:1
- **Start Date:** June, 2005
- **Completion Date:** May, 2006



**There's no single, silver bullet when it comes to redevelopment. This complex process requires a simultaneous, comprehensive strategy that uses a variety of tools. Redevelopment is an incremental process and baby steps have to come prior to walking or running.**

**The Façade Improvement Program was a huge baby step toward larger development. It allowed our community to see the fruits of public/private partnerships that are critical to any redevelopment effort.**

# Façade Improvement - Paint Up Grants



## Project Description:

Amazing how a simple coat of paint can breathe new life into an area! In fiscal year 2003, just in time for the City's 50th Anniversary, the Agency offered a limited-time, paint-up grant program. Property owners of commercial buildings could receive up to \$2,500 to re-paint the exterior.

Seventeen (17) owners in the Downtown Commercial Core participated in the program on Water Street, Basic Road and Pacific Avenue.

Properties receiving a quick make over:

- 38 Water Street
- 306 Water Street
- 121 - 129 Water Street
- 43 Basic Road
- 35 & 39 Basic Road
- 34 Basic Road
- 30 Water Street
- 115 & 117 Water Street
- 66 Basic Road
- 334 Water Street
- 22 Pacific Avenue
- 3 Water Street
- 19 & 21 Water Street
- 42 Water Street
- 47 Water Street
- 37, 39 & 43 Water Street

Property Owner:  
Various

Property Location:  
See above



| Tax Increment Analysis               |               |
|--------------------------------------|---------------|
| Total Façade Improvement Costs       | \$54,192      |
| Assessed Value Percentage            | 35%           |
| Assessed Value / 100                 | 190           |
| Tax Rate                             | 2.90          |
| Annual Tax Assessment                | 551           |
| Remaining Redevelopment Area Life    | 21            |
| <b>Total Estimated Tax Increment</b> | <b>11,571</b> |

| Financing Sources              |                 |
|--------------------------------|-----------------|
| Property Owner Contribution    | \$6,949         |
| RDA Assistance<br>RDA Funds    | 47,243          |
| <b>Total Financing Sources</b> | <b>\$54,192</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



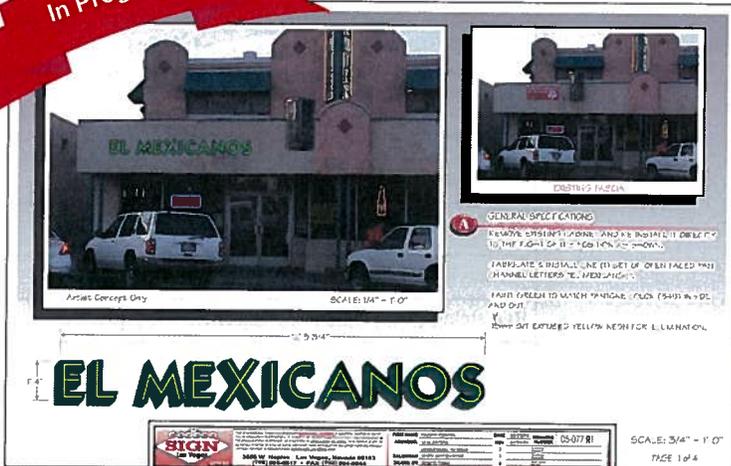
## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** .14:1
- **Start Date:** 07/01/02
- **Completion Date:** 06/30/03

# Façade Improvement - Sign Grants



In Progress



| Tax Increment Analysis               |                |
|--------------------------------------|----------------|
| Total Façade Improvement Costs       | \$41,606       |
| Assessed Value Percentage            | 35%            |
| Assessed Value / 100                 | 146            |
| Tax Rate                             | 2.90           |
| Annual Tax Assessment                | 423            |
| Remaining Redevelopment Area Life    | 19             |
| <b>Total Estimated Tax Increment</b> | <b>\$8,037</b> |

| Financing Sources              |                 |
|--------------------------------|-----------------|
| Property Owner Contribution    | \$12,606        |
| RDA Assistance<br>RDA Funds    | 29,000          |
| <b>Total Financing Sources</b> | <b>\$41,606</b> |

## Project Description:

Signage is an integral part of any downtown. It not only provides way-finding, but it can also create vibrancy promoting a positive image.

Because conveying a positive image is essential to the vision of downtown, the Agency offered a limited-time grant for signage.

Applicants could apply for the grant of:

1. up to \$2,000 per storefront for non-owner occupied businesses.
2. up to \$5,000 per storefront for owner-occupied businesses.

Five property owners are taking advantage of the program - Pacific Center, Eldorado, Remember When, Muffler Shop, and Lotus/Nevada State College.

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**

## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **RDA Leverage Ratio:** .43:1
- **Start Date:** 07/01/04
- **Completion Date:** 06/30/05

Property Owner:

Various

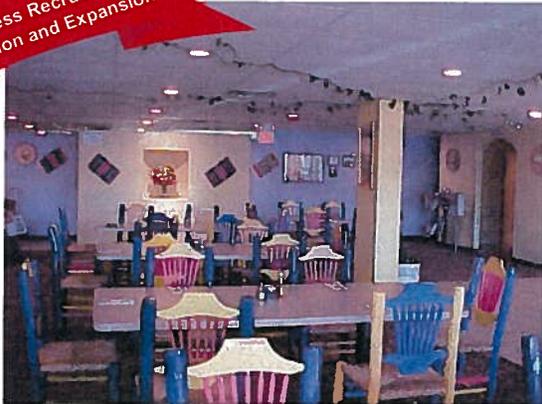
Property Location:

Various

Downtown Henderson

# Revolving loan fund

Business Recruitment,  
Retention and Expansion



## Program Description:

In an effort to lure new businesses and retain and expand existing businesses to the Water Street District in Downtown Henderson, the Agency created a Revolving Loan Fund program.

Projects that are eligible for assistance include:

- Expansion of existing business
- Acquisition of an existing business
- Relocation to a new location
- Start up costs for a new business
- Equipment purchases
- Working capital
- Real estate purchasing assistance if the real estate is to be occupied by the business borrowing the funds

As a general rule, there must be one full-time position created or retained for every \$35,000 loaned. The goal of the overall loan portfolio is to have a project leverage two private sector dollars for each dollar lent under the Downtown Henderson Redevelopment Revolving Loan Program. The outside dollars can come from many sources, including loans from other financial institutions or from private individuals, funds generated from within the business or funds supplied by the owner of the business. In order for investments to meet the leverage requirement, funds must have been expended on the project being financed within the past 12 months.



El Mexicano Grand Re-Opening  
May 18, 2005

| Financing Sources              |                  |
|--------------------------------|------------------|
| Business Owner Equity (4.2%)   | \$5,000          |
| Property Owner (25%)           | 30,000           |
| RDA Assistance (70.8%)<br>Loan | 85,000           |
| <b>Total Financing Sources</b> | <b>\$120,000</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Number of Loans:** 1
- **Jobs Created:** 2

# Revolving loan fund Program



A downtown Henderson success story, El Mexicano, was recognized for the hard work and commitment of Marco and Leticia Munoz, its owners. But they didn't do it alone. Many members of the community joined in to make the business beautification and expansion a reality.

A part of the downtown Henderson scene since October of 2000, El Mexicano, with assistance from Anna Siefert and Aida Rojas of Nevada Micro-Enterprise Initiative, was the first establishment to apply for and receive a Henderson Redevelopment Agency Revolving Loan.

It seemed all so simple, yet as with many projects in older buildings, unforeseen circumstances arose. How to organize the kitchen hood and how to draw enough power for the new kitchen equipment, two essential elements, but outside the scope of the loan.

This is when Ken Scholl of the Stanford Company entered the picture as the project manager. Ken took the bull by the horns working tirelessly with Redevelopment Agency staff, Nevada Power and contractors to keep costs as low as possible, yet complete all of the work in a timely manner and within code.

However, money was still an issue. Realizing that they would be the ultimate beneficiary of the project, the property owners agreed to fund the remaining balance.

What started out as business owners, led by a consultant, had now blossomed into an incredibly well-oiled machine of experts who were highly motivated to bring this project to fruition. Today, we see before us a beautiful dining room and kitchen expansion serving some of the best Mexican food in our valley.



Before →



After

*Viva Success!*

# Downtown Home Improvement Program

Low Interest Loans and Grants



## Program Description:

Almost all of the housing stock in the Water Street District of Downtown Henderson was built as temporary housing for those pioneers who forged to our valley in search of war-time jobs 60 years ago. Up until 10 years ago, some still had dirt floors.

As with all things that age, periodic maintenance and upkeep are necessary. Realizing these homes are a treasure to Downtown's heritage and affordable housing is a critical need, the Agency has taken a proactive approach to address the various issues that downtown homeowners have brought to our attention. The Homeowner Assistance Program was developed specifically to provide a way to meet the needs of Downtown residents, as well as achieve the goals of the Agency.

The program, made available in February of 2006, was created to assist downtown homeowners and homebuyers with exterior painting, landscaping, remodeling, and code compliance by providing low-interest loans and grants. Additionally, the program offers a home second mortgage for those who wish to purchase a home in Downtown.

To qualify, the home must be located within the Water Street District, be the principal residence of the homeowner, and the legal homeowner must be the applicant.

The improvements must be maintained in good condition for a period of five years. If the property is not maintained in good condition, the balance of the loan or grant funds may become due and payable.



| Home Improvement   | Grant | Loan | Owner    |
|--------------------|-------|------|----------|
| Exterior Painting  | 80%   | 0%   | 20%      |
| Landscaping        | 40%   | 40%  | 20%      |
| Remodeling         | 0%    | 60%  | 40%      |
| Code Compliance    | 0%    | 60%  | 40%      |
| Purchase of a Home | 0%    | 10%  | Variable |

| Downtown Financing Sources     |                  |
|--------------------------------|------------------|
| Property Owner (31.1%)         | \$204,215        |
| RDA Assistance (68.9%)         |                  |
| Loan                           | 97,823           |
| Grant                          | 353,672          |
| <b>Total Financing Sources</b> | <b>\$655,710</b> |

**Project Manager:**  
**Nicole Lopez**  
**(702) 267-1542**

## Key Facts

- **Redevelopment Areas:** Downtown
- **Zoning:** Single-Family Residential
- **Participants\*:** 140
- **RDA Leverage Ratio:** .43:1

\*(as of November 27, 2007)

# Downtown Home Improvement Program



Idea Exchange Exchange Exchange Exchange Exchange

## Home improvement ties in with downtown makeover

"You may qualify for home improvement grants and/or low-interest loans if you are a homeowner within the downtown Henderson Redevelopment Area," reads a slick, six-page Homeowner Assistance Program brochure by the Henderson Redevelopment Agency, City of Henderson, NV (pop. 175,400). Program recipients can receive a maximum grant of \$3,000 for exterior painting; a maximum of \$4,000 in grants and loans for landscaping; up to an \$8,000 loan for code compliance work, and a maximum loan of \$12,000 for remodeling. All loans are for a term of five years at three percent. Applicants may apply for a grant or loan for more than one

improvement activity. To qualify, the home must be located within the Henderson Water Street District Redevelopment Area (a map of which is provided in the brochure), the home must be the principal residence of the homeowner, and the legal homeowner must be the applicant.

Contact: Henderson Redevelopment Agency/City of Henderson, (702) 267-1511, [www.cityofhenderson.com](http://www.cityofhenderson.com).



Before ↑



← After

*Living the American Dream!*

# Infrastructure Summary

## Program Description:

What makes a Downtown work? External spaces that are inviting, comfortable and safe to the human eye. Taking it a step further, trees and landscaped areas, benches, water fountains, lighting, cleanliness, trash receptacles, shelters, attractive signs and businesses.

All of these amenities are built upon a sound infrastructure base. Storm drains, water lines, service conduits, sidewalks, parking lots and roadways, are not always pretty but very necessary.

The Water Street Improvement project is providing some of these much needed amenities with new stamped concrete sidewalks, new trees and landscaping, and enhanced street furnishings.

The addition of three new paved parking lots in the heart of downtown Henderson has been met with much use and appreciation.

A bright future, based on strong infrastructure improvements.



| Tax Increment Analysis               |              |
|--------------------------------------|--------------|
| Total Façade Improvement Costs       | \$12,565,050 |
| Assessed Value Percentage            | 35%          |
| Assessed Value / 100                 | N/A          |
| Tax Rate                             | 2.90         |
| Annual Tax Assessment                | N/A          |
| Remaining Redevelopment Area Life    | Various*     |
| <b>Total Estimated Tax Increment</b> | <b>N/A</b>   |

\*Calculated based on project completion date

| Financing Sources              |                     |
|--------------------------------|---------------------|
| City Contribution              | \$7,610,812         |
| Grants                         | 1,478,750           |
| RDA Assistance<br>RDA Funds    | 3,475,488           |
| <b>Total Financing Sources</b> | <b>\$12,565,050</b> |

**Project Manager:**  
**Redevelopment Staff**  
**(702) 267-1515**

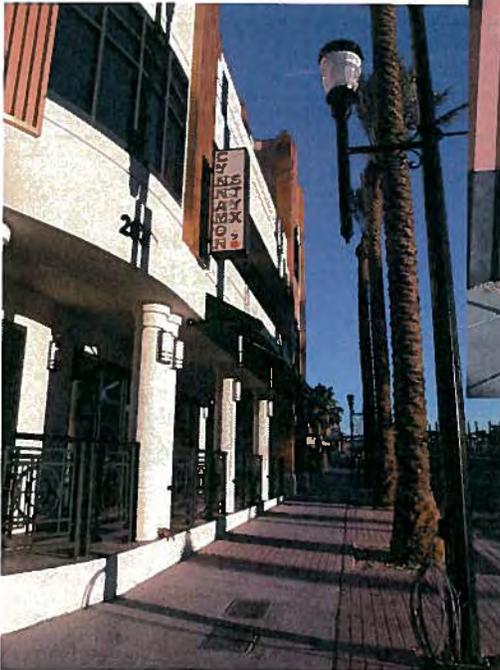
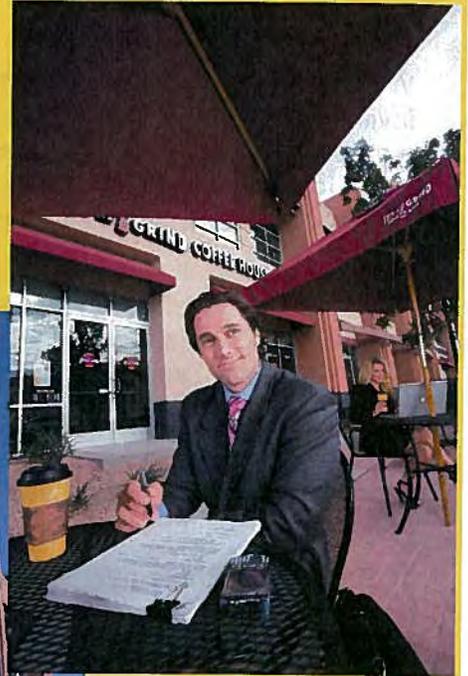


## Key Facts

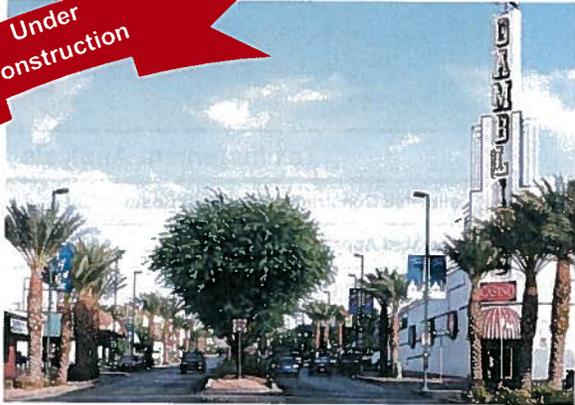
- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Linear Feet of Street Upgraded:** 4,200
- **Number of Parking Spaces:** 99
- **Greenery Added:** 88
- **RDA Leverage Ratio:** 2.62:1

# Infrastructure Summary

**BEAUTIFUL  
STREETSCAPE**



# Water Street Improvements



## Project Description:

The City and Agency once again join forces to provide vital services to downtown through the Water Street Improvement Project. Currently, **no** storm sewer exists in the Area, causing severe residential and business flooding during every significant precipitation event; and, utilities are at or beyond capacity, leaving no room for growth. The water main serving the Water Street corridor (the main street) is old and corroded. Additionally, this water main is made of cast iron pipeline, which is no longer used in the industry. Infrastructure does not exist for technology improvements like fiber optics.

The current roadway contains four travel lanes and a narrow sidewalk, which impedes pedestrian traffic. The existing roadway is not suitable for the anticipated demands that eventual development will bring. Water Street contains center medians with trees making it difficult for businesses to “catch the eye” of potential customers. Further, the trees are shading the passengers in the car instead of the pedestrians on the sidewalk. The project will enhance the developability of downtown, eliminate center medians, widen sidewalks, provide inviting street furniture, and create a pedestrian-friendly atmosphere. Phase I of the project, Water Street between Basic Road and Atlantic Avenue, is complete.

### Contractor Information:

City of Henderson,  
Public Works



| Tax Increment Analysis                |              |
|---------------------------------------|--------------|
| Estimated Construction and Soft Costs | \$12,285,050 |
| Estimated Appraised Land Value        | N/A          |
| Total Estimated Value                 | 12,285,050   |
| Assessed Value Percentage**           | 0%           |
| (This project is tax exempt)          |              |
| Assessed Value / 100                  | N/A          |
| Tax Rate                              | 2.90         |
| Annual Tax Assessment                 | N/A          |
| Remaining Redevelopment Area Life     | N/A          |
| <b>Total Estimated Tax Increment</b>  | <b>N/A</b>   |

| Financing Sources              |                     |
|--------------------------------|---------------------|
| City of Henderson (62%)        | 7,610,812           |
| Federal Grants (12%)           | 1,478,750           |
| Redevelopment (26%)            | 3,195,488           |
| <b>Total Financing Sources</b> | <b>\$12,285,050</b> |

### Project Manager:

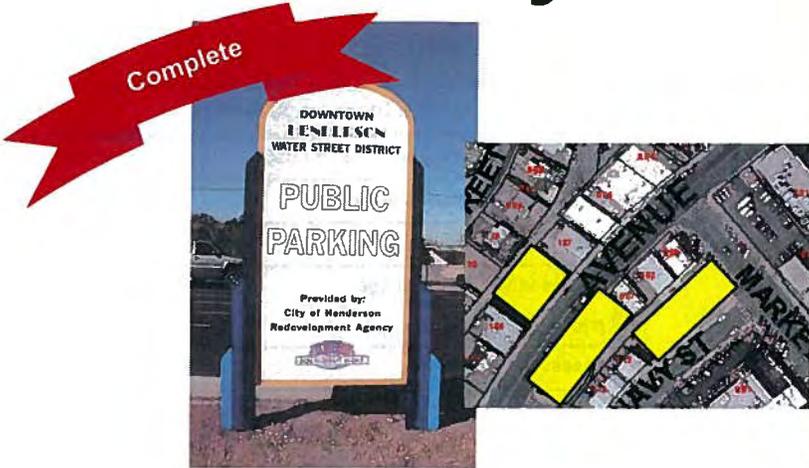
**Joe Damiani**  
(702) 267-3061



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Linear Feet of Project:** 4,200
- **Greenery Added:** 88
- **Percentage of Grant Funds:** 12%
- **RDA Leverage Ratio:** 3.8:1
- **Start Date:** 07/01/05
- **Estimated Completion Date:** 12/31/06

# Downtown Public Parking



## Project Description:

Like most urban downtowns, Downtown Henderson is in need of parking. Realizing this, the Agency took the initiative to contact property owners and secure leases whereby the Agency could pave, stripe, and provide three public parking lots along Pacific Avenue and Market Street.

The Agency partnered with the City of Henderson Public Works Department who managed the construction of the project.

The benefits of this project are two-fold as 1) parking is increased, and 2) dust mitigation is accomplished by paving over the dirt lots.

The project cost \$280,000 and was completed in November 2005. The project yielded 99 parking spaces and provided the enhancement of landscaping.

Public Works Contact:  
 Bill Rowe, Engineer  
 (702) 267-3067



| Tax Increment Analysis                |         |
|---------------------------------------|---------|
| Estimated Construction and Soft Costs | 280,000 |
| Estimated Appraised Land Value        | N/A     |
| Total Estimated Value                 | 280,000 |
| Assessed Value Percentage             | 35%     |
| Assessed Value / 100                  | N/A     |
| Tax Rate                              | 2.90    |
| Annual Tax Assessment                 | N/A     |
| Remaining Redevelopment Area Life     | N/A     |
| Total Estimated Tax Increment         | N/A     |

| Financing Sources           |           |
|-----------------------------|-----------|
| Developer Equity            | TBD       |
| Bank Financing              | TBD       |
| RDA Assistance<br>RDA Funds | 280,000   |
| Total Financing Sources     | \$280,000 |

**Project Manager:**  
**Ned Madonia**  
 (702) 267-1511



## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Number of Parking Spaces:** 99
- **Start Date:** 09/01/04
- **Completion Date:** 11/15/05

# Arts and Culture Summary

## Program Description:

A downtown should provide an important civic forum where members of the community can congregate, socialize, and benefit from a variety of cultural offerings. Parades, special events, and celebrations held there reinforce the sense of community.

Additionally, the Downtown Investment Strategy identifies Arts and Culture as a good fit for providing downtown vibrancy and states that there is a market that is just emerging in Southern Nevada for arts and culture.

Various departments at the City of Henderson, all work together to bring a variety of events and art to downtown, such as: ArtFest, The Water Street District Fine Arts Festival, Super Run Classic Car Show, Thursday Night Live, Third Thursday, Henderson's Terrible 400 Desert Race, Nevada Silver Man Competition, St. Patrick's and Springsational Parades, and the Country Fresh Farmers' Market. Through our partnerships, downtown boasts three historical murals that are receiving much acclaim.

With the addition of a Special Events Plaza, downtown has benefitted from an increase in cultural, performing arts, festival, and event activity that has brought both locals and tourists to the area.

City Lights Artists' Co-op was formed with the assistance of the Redevelopment Agency and subsequently opened City Lights Art Gallery in October 2003. This has resulted in a wonderful opportunity for the local artists to exhibit and sell their artworks. The monthly Featured Artist program has dovetailed beautifully into the Downtown Water Street Third Thursday events. Their mini-grant program has provided money to local school teachers for art projects, some of which have been displayed at the gallery. Local high schools are encouraged to display their art students' work in the gallery. The mission of the co-op is to continue art education for members as well as the community.

"We are looking forward to the future development of the downtown area that will only give us, local artists, the opportunity to become known within the community as the great artisans that we are!" —Richard Blanchard, President and Merle Blair, Past President and current Gallery Director.



| Tax Increment Analysis               |               |
|--------------------------------------|---------------|
| Estimated Costs                      | \$ N/A        |
| Assessed Value Percentage            | 35%           |
| Assessed Value / 100                 |               |
| Tax Rate                             | 2.90          |
| Annual Tax Assessment                |               |
| Remaining Redevelopment Area Life    | Various*      |
| <b>Total Estimated Tax Increment</b> | <b>\$ N/A</b> |

\*Calculated based on project completion date

| Financing Sources              |                  |
|--------------------------------|------------------|
| Grants                         | \$30,000         |
| RDA Assistance<br>RDA Funds    | \$340,000        |
| <b>Total Financing Sources</b> | <b>\$370,000</b> |

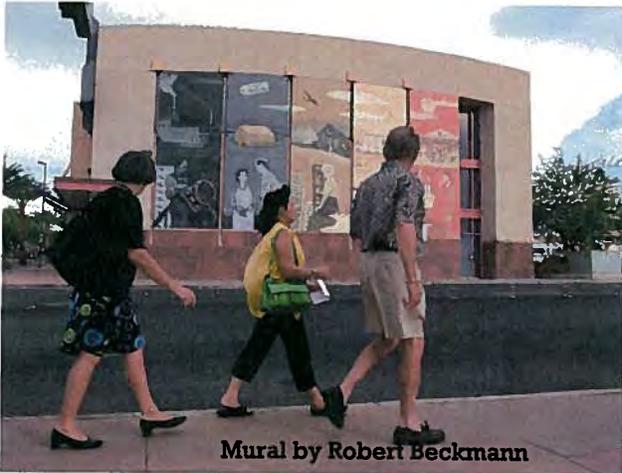
**Project Manager:**  
**Michelle Romero**  
**(702) 267-1516**

## Key Facts

- **Redevelopment Area:** Downtown
- **Zoning:** Downtown Core Commercial
- **Number of Murals:** 3
- **Number of Mini Murals:** 5
- **Number of Cultural Events:** 11
- **RDA Leverage Ratio:** 1:55



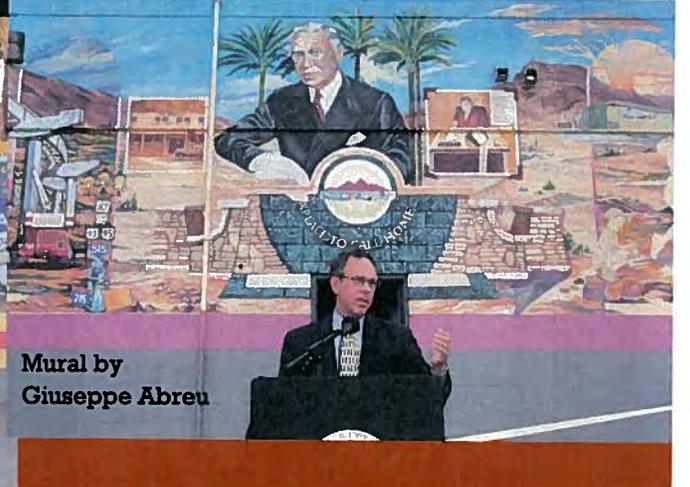
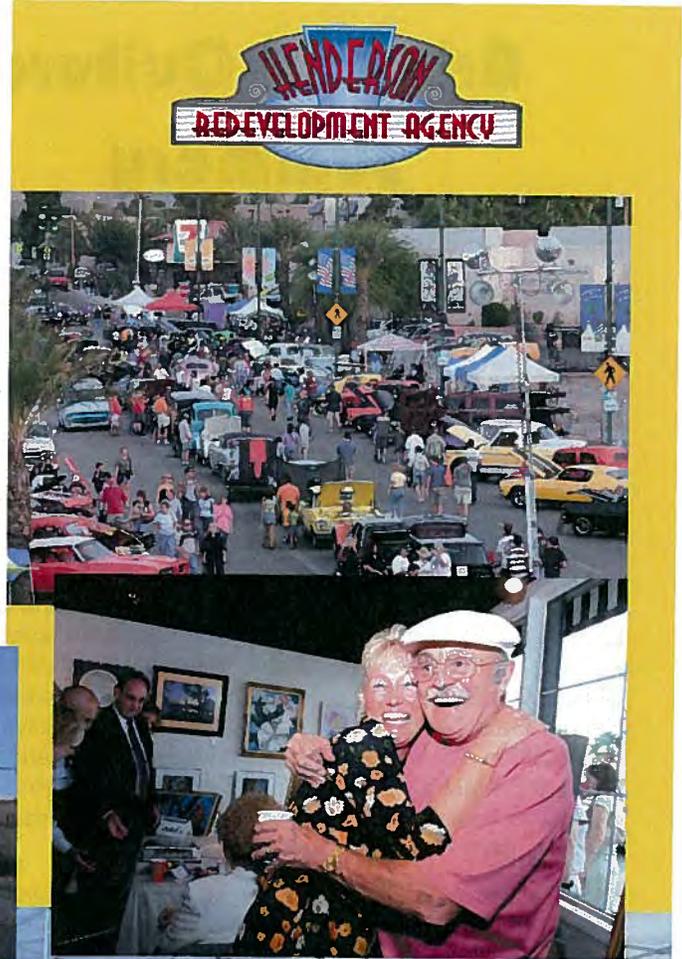
# Arts and Culture



Mural by Robert Beckmann



Mural by Bruce Giles



Mural by Giuseppe Abreu



# landwell

## Landwell 2200

The LandWell Company currently owns 2,200 acres in Eastside and has entered into a Development Agreement (DA) with the City of Henderson to develop a Planned Community Zone District to ensure a comprehensively planned community offering a combination of planned uses and maximum flexibility within those planned uses. The LandWell Company will serve as the master developer and, through an Owner Participation Agreement, the Agency has agreed to provide a maximum of \$209 million (including interest) in redevelopment assistance for public infrastructure from 50% of the tax increment generated from the project.

Keyser Marston Associates completed a tax increment projection indicating through the life of the project area:

### 11,250 Dwelling Units

|                                |                 |
|--------------------------------|-----------------|
| Gross Tax Increment            | \$1,422,089,000 |
| NPV of Tax Increment (8/15/07) | \$ 431,471,000  |
| 18% Affordable Housing Funding | \$ 255,976,000  |

The agreement binds LandWell to provide at a minimum: 11,250 dwelling units, 600,000 square feet of commercial retail space, and 70,000 square feet of office. All development must conform to the LandWell 2200 Master Plan.

LandWell must commence five percent of the cost of the public improvements no later than June 30, 2014.



The LandWell Company is the long-standing land investment and development arm of Basic Management, Inc., which has successfully developed more than 1,200 acres of retail, light industrial, commercial and residential projects in the Henderson area. The company's successful projects include Black Mountain Industrial Center, Valley Auto Mall, Traverse Point, Entrada, Champion Village and Emerald Valley.



**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**

## Las Vegas Sun Politics

*September 11, 2007*

After a two-week delay, the Henderson Planning Commission has recommended a zone change for the 2,200-acre Landwell development proposed for a former toxic waste dump near Boulder Highway and Water Street.

The commission had been concerned about the dearth of workforce housing among the proposed 15,000 residential units, three shopping areas and more than a dozen parks. But the sides worked it out after Landwell executives met with city staff to discuss ways of using city redevelopment funds to generate future housing.

**The project is not expected to open for at least eight years, although many already are hailing it as a catalyst for redevelopment of the area that will annually generate an estimated \$400 million in tax revenue.**

*Mike Trask can be reached at 259-8826 or at [mike.trask@lasvegassun.com](mailto:mike.trask@lasvegassun.com).*

# Eastside Home Improvement Program

Low Interest Loans and Grants



## Program Description:

Much of the housing stock in the Eastside redevelopment area was built years and years ago.

As with all things that age, periodic maintenance and upkeep are necessary. Realizing these homes are here to stay and affordable housing is a critical need, the Agency has taken a proactive approach to address the various issues that Eastside homeowners have brought to our attention. The Homeowner Assistance Program was developed specifically to provide a way to meet the needs of Eastside residents, as well as achieve the goals of the Agency.

The program, made available in August of 2006, was created to assist Eastside homeowners and homebuyers with exterior painting, landscaping, remodeling, and code compliance by providing low-interest loans and grants. Additionally, the program offers a home second mortgage for those who wish to purchase a home in Eastside.

To qualify, the home must be located within the Eastside redevelopment area, be the principal residence of the homeowner, and the legal homeowner must be the applicant.

The improvements must be maintained in good condition for a period of five years. If the property is not maintained in good condition, the balance of the loan or grant funds may become due and payable.



| Home Improvement   | Grant | Loan | Owner    |
|--------------------|-------|------|----------|
| Exterior Painting  | 80%   | 0%   | 20%      |
| Landscaping        | 40%   | 40%  | 20%      |
| Remodeling         | 0%    | 60%  | 40%      |
| Code Compliance    | 0%    | 60%  | 40%      |
| Purchase of a Home | 0%    | 10%  | Variable |

| Financing Sources              |                  |
|--------------------------------|------------------|
| Property Owner (29.1%)         | 222,488          |
| RDA Assistance (70.9%)<br>Loan | 70,238           |
| <b>Total Financing Sources</b> | <b>\$764,293</b> |

**Project Manager:**  
**Daphney Jeffers**  
**(702) 267-1542**



## Key Facts

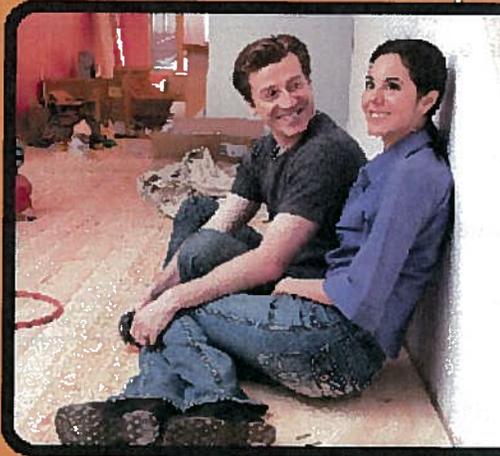
- **Redevelopment Area:** Eastside
- **Zoning:** Single-Family Residential
- **Participants\*:** 186
- **RDA Leverage Ratio:** .71:1

\*(as of June 26, 2008)

# Eastside Home Improvement Program

Homeowner  
>> **Assistance**  
Program

HENDERSON REDEVELOPMENT AGENCY



You may qualify for  
home improvement **grants**  
and/or **low interest loans**  
if you are a homeowner within  
the Downtown or Eastside  
Henderson Redevelopment Areas.



**Before**



**After**

*Living the American Dream!*

# Tuscany

Approved



## Tuscany Redevelopment Area

Tuscany, site of a former gravel mining operation, is being redeveloped into a 525-acre master-planned community with over 1,240 dwelling units, a private 18-hole golf course, 25 acres of parks and trails, and a fire station and school site. The remaining 325 acres will host commercial and light-industrial uses. The 850-acre Tuscany Redevelopment Area is located at the northwest corner of Lake Mead Parkway and Olsen Drive. The project will include flood control improvements and the completion of Sunset Road.

Model homes opened in March 2005 boasting upscale, single-family homes ranging in price from \$367,000 to \$750,000. Through June 2007, 494 homes have been sold for total sales of approximately \$260,356,170. The fire station is complete.

A stunning, stone entryway greets residents and visitors to Tuscany Village. The centerpiece of this master-planned community is an 18-hole public golf course.



Developer Information:  
Rhodes Homes

Agent Information:



## Tax Increment Analysis

|                                       |                      |
|---------------------------------------|----------------------|
| Estimated Construction and Soft Costs | \$1,045,000,000      |
| Estimated Appraised Land Value        | N/A                  |
| Total Estimated Value                 | 1,045,000,000        |
| Assessed Value Percentage             | 35%                  |
| Assessed Value / 100                  | 3,657,500            |
| Tax Rate                              | 2.90                 |
| Annual Tax Assessment                 | 10,606,750           |
| Remaining Redevelopment Area Life     | 22                   |
| <b>Total Estimated Tax Increment</b>  | <b>\$233,348,500</b> |

## Financing Sources

|  |                      |
|--|----------------------|
| Developer Equity (X%)                            | TBD                  |
| Bank Financing (X%)                              | TBD                  |
| RDA Assistance (X%)<br>Infrastructure Assistance | \$26,252,000         |
| <b>Total Financing Sources</b>                   | <b>\$233,348,500</b> |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**

## Key Facts

- **Redevelopment Area:** Tuscany
- **Zoning:** Predominantly Residential
- **Number of Homes:** 1,900
- **Price Range:** \$367,000 - \$750,000
- **RDA Leverage Ratio:** 7.88:1
- **Start Date:** 10/01/04
- **Completion Date:** 06/30/09

# Tuscany



## Real Estate

promotional feature

REAL ESTATE DESK • 393-0299 LAS VEGAS REVIEW-JOURNAL • SUNDAY, FEBRUARY 26, 2006

*"We love the mountain views and love the golf course. It will be almost like being on vacation."* ~ Kathy Kaplan, new home buyer at Tuscany Village (The Home Pages, November 11, 2005).

### Golf lifestyle central to Rhodes' Tuscany

Community takes shape around public course

**SPECIAL TO REAL ESTATE**

All residents of Rhodes Homes' Tuscany Residential Village can enjoy the golf course lifestyle provided at the community in Henderson.

"We designed Tuscany so that everyone who lives in the community can enjoy the lush greenery of the course," sales director Ryan Soucie said.

"There are plenty of sightlines into the course and residents will get to appreciate its beauty as part of their everyday lives."

The course is open to the public and has a temporary clubhouse. A permanent structure is planned to open in 2007 with a pro shop, bar and restaurant, as well as a patio with views of the course, mountains and the Strip.

"The facilities at the golf course are going to be a tremendous resource for residents of Tuscany," Soucie added. "We see the clubhouse as being the true heart of the community."

He pointed out that the guard-gated community's homeowners association dues do

not include fees for a golf club membership.

Residences are available with views of the course, which can also be seen from various vantage points within the community.

The 18-hole, par-72 course opened in spring 2003. It was designed by Ted Robinson and has 68 white sand bunkers and water hazards.

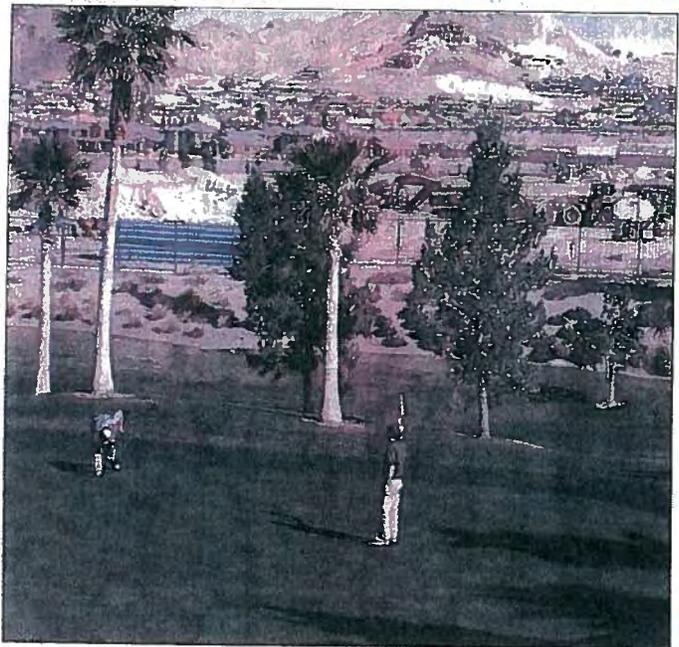
Additionally, the facility's Players Card program offers discounted play at Tuscany and at its sister course in Rhodes Ranch.

The community is highlighted by landmarks such as a bell tower, clock tower and an obelisk that reflect the theme of Italy's Tuscany region.

Nine neighborhoods are open for sales, and can be previewed among six model-home complexes.

Thirty floor plans are available, ranging from single-story residences to three-story designs with lofts. Prices start from \$367,325.

Tuscany is planned to encompass 18 neighborhoods, all of which will be linked by a single road.



A public golf course anchors Rhodes Homes' Tuscany community in Henderson.

About 2,000 residences are expected to be built.

A 30,000-square-foot recreation center is anticipated to open this year for the exclusive use of residents.

Amenities are planned to include a full-length basketball court, two racquetball/handball courts, meeting rooms, a fitness room, card room and billiards.

To view the models, take Lake Mead Parkway east, past Boulder Highway, to Mohawk Drive and turn left. Office hours are from 10 a.m. to 5 p.m. daily.

# Cornerstone



## Cornerstone Redevelopment Area

This former gravel mine is being transformed and will be redeveloped into an approximately 100-acre detention basin, park, lake, and recreational facility. The balance of the site will include commercial, medical, light-industrial, multi-family residential, and a potential school site. The 322-acre Cornerstone Redevelopment Area is located at the northwest corner of I-215 and Stephanie. All of the land parcels at Cornerstone have been sold and proposals are being reviewed for development.

A 40,000 square-foot Wal-Mart Neighborhood Market opened in June 2005.

Ladera Development began construction on approximately 440, market-rate, multi-family homes in early 2006.

Diamond Cornerstone is awaiting the final disposition of the detention basin to begin development on an apartment complex in August 2008.

GSG Development is proposing a high-density, mixed-use residential/retail project, fronting Stephanie Street. This project will create the effect of a "main street" look and feel to draw consumers in and reside next to a natural lake setting, sports complex and park. The "green" project is being developed to be the transit-oriented with access to a potential transportation corridor and will and the latest in sustainable building concepts. KMA's Tax Increment Analysis estimates the net present value of tax increment for the GSG project, through the life of the area, as \$88 million with \$16 million going toward low-income housing. If the property were to remain "as is" the TI through the life would be just \$1.6 million with \$250,000 going toward low-income housing.

Healthtrust, Inc. has completed the development of a medical-facility just off of Wigwam and Stephanie.

Developer Information:  
Various

Agent Information:



| Tax Increment Analysis                |            |
|---------------------------------------|------------|
| Estimated Construction and Soft Costs | TBD        |
| Estimated Appraised Land Value        | TBD        |
| Total Estimated Value                 | TBD        |
| Assessed Value Percentage             | 35%        |
| Assessed Value / 100                  | TBD        |
| Tax Rate                              | 2.90       |
| Annual Tax Assessment                 | TBD        |
| Remaining Redevelopment Area Life     | TBD        |
| <b>Total Estimated Tax Increment</b>  | <b>TBD</b> |

| Financing Sources                                |             |
|--|-------------|
| Developer Equity (X%)                            | TBD         |
| Bank Financing (X%)                              | TBD         |
| RDA Assistance (X%)<br>Infrastructure Assistance | \$6,900,000 |
| <b>Total Financing Sources</b>                   | <b>TBD</b>  |

**Project Manager:**  
**Lisa Sich**  
**(702) 267-1518**



## Key Facts

- **Redevelopment Area:** Cornerstone
- **Zoning:** Mixed Use
- **Number of Homes:** 500+ estimated
- **Price Range:** TBD
- **RDA Leverage Ratio:** TBD
- **Start Date:** 06/04
- **Completion Date:** TBD

# Cornerstone



## Now Open:

WalMart Neighborhood Grocery

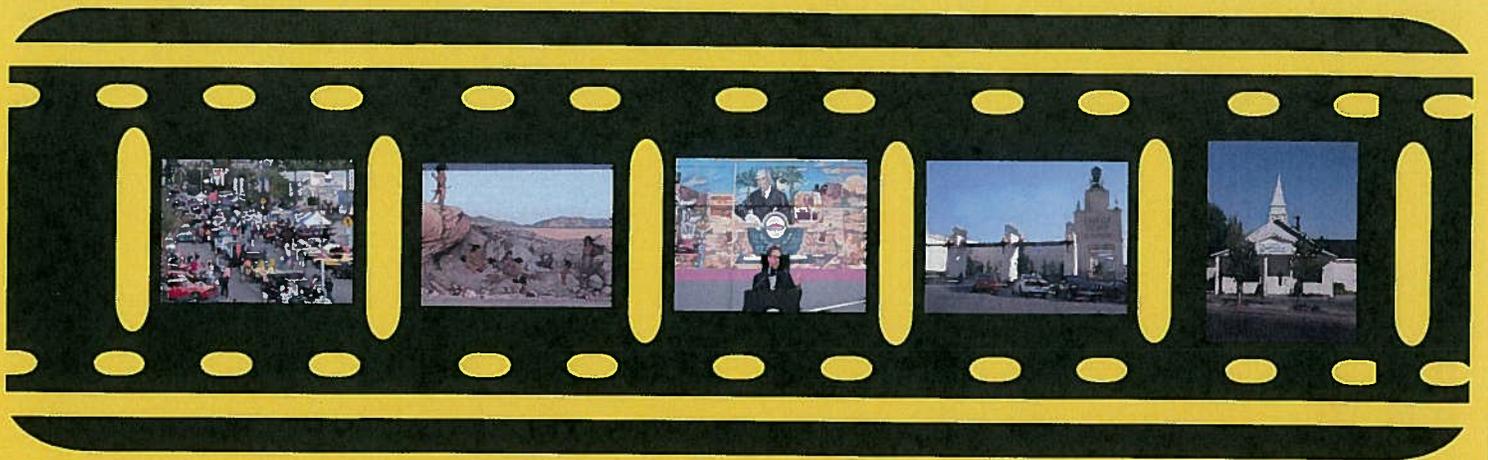
Panda Express

Dollar Self Storage

Healthtrust Hospital

65 Housing Units at Loretto Bay





James B. Gibson  
Chairman

Gerri Schroder  
Member

Jack K. Clark  
Member

Steven D. Kirk  
Member

Andy Hafen  
Member

Mary Kay Peck  
Executive Director

Steve Hanson  
Treasurer

Michelle Romero  
Redevelopment Manager



City of Henderson Redevelopment Agency  
240 Water Street  
P O Box 95050  
Henderson, Nevada 89009-5050  
(702) 267-1515  
[www.cityofhenderson.com](http://www.cityofhenderson.com)

# City of Las Vegas Response



January 20, 2009

LAS VEGAS CITY COUNCIL

OSCAR B. GOODMAN  
MAYOR

GARY REESE  
MAYOR PRO TEM

STEVE WOLFSON

LOIS TARKANIAN

STEVEN D. ROSS

RICKI Y. BARLOW

DAVID W. STEINMAN  
(INTERIM)

DOUGLAS A. SELBY  
CITY MANAGER

Russell Guindon  
Senior Deputy Fiscal Analyst  
Legislative Council Bureau  
Fiscal Analysis Division  
401 S. Carson Street  
Carson City, NV 89701-4747

Dear Mr. Guindon:

Attached is the information requested by Speaker Barbara Buckley, Assemblywoman Marilyn Kirkpatrick, and Assemblywoman Debbie Smith regarding local government's use of tax incentive programs to be included in a report being prepared by the Fiscal Analysis Division.

If you have any questions or need additional information, please contact me (702-229-6501) or Steve Van Gorp (702-229-6863).

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Fretwell".

Elizabeth Fretwell  
Deputy City Manager

Enclosure

C: Mark Vincent, Acting Deputy City Manager  
Scott Adams, Director, Business Operations  
Ted Olivas, Director, Administrative Services

CITY OF LAS VEGAS  
400 STEWART AVENUE  
LAS VEGAS, NEVADA 89101

VOICE 702.229.6011  
TTY 702.386.9108  
[www.lasvegasnevada.gov](http://www.lasvegasnevada.gov)

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Tax Incentives to Promote Economic Development  
Within the city of Las Vegas

Page 1 of 6

**Outline of Special Purpose Districts within the city of Las Vegas:**

1. **Tourism Improvement Districts (TID) (NRS 271A):** Currently there are **no** TIDs in the city of Las Vegas (including the city of Las Vegas Redevelopment Agency (LVRDA). The TIDs and resulting sales tax increment are approved at the state level based on the developer application and local government findings.

The city has a disposition and development agreement (DDA) with the developer CIM to support a possible first TID in the city for the new development of the city-owned lands surrounding the Old Post Office which will become the Las Vegas Museum of Law Enforcement and Organized Crime. Per the DDA, the land will be developed as a mixed-use retail center, commercial towers that could be hotels, and structured parking. The CIM TID will seek approvals during 2009 before the current sunset in October 2009.

2. **Tax Increment Areas (NRS 278C):** The city has not sponsored any tax increment areas, pursuant to NRS 278C.
3. **Redevelopment Area (NRS 279): Tax Increment Financing (TIF) Projects:** The city of Las Vegas Redevelopment Agency, formed March 5, 1986, has only one Redevelopment Area, which has been amended over time to increase its total area. The attached schedules identify outstanding RDA bonds and TIF Rebate Notes for the Las Vegas Redevelopment Agency. Note that TIF Rebate Notes are issued pursuant to Owner Participation Agreements and are sized based on eligible developer infrastructure costs. But, their actual repayment is limited to the contracted percentage rebate of the actual property tax increment paid based on those improvements.

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**TABLE 1: PREVIOUS RDA PROJECTS FINANCED WITH RDA BONDS**

| <b>Outstanding RDA Bonds</b> | <b>Redevelopment Project</b>                         | <b>Original Bond Issue Amount</b> | <b>Outstanding Obligation</b> | <b>Annual P&amp;I Payment</b> |
|------------------------------|--|-----------------------------------|-------------------------------|-------------------------------|
| 2003A Refunding              | Fremont Street Experience Parking Garage with Retail | \$ 19,115,000                     | \$ 18,300,000                 | \$ 1,054,600                  |
| 2003B refunding              | Homeless Shelters and Affordable Housing             | \$ 2,395,000                      | \$ 1,445,000                  | \$ 268,700                    |
| 1995A                        | Charleston Plaza Mall, and Main Street Station       | \$ 16,525,000                     | \$ 3,405,000                  | \$ 3,595,680                  |
| 1995B                        | Charleston Plaza Mall, and Main Street Station       | \$ 565,000                        | \$ 95,000                     | \$ 100,938                    |

**TABLE 2: CURRENT RDA PROJECTS FINANCED WITH TAX INCREMENT**

| <b>RDA OPA TIF Project</b>       | <b>Start and Open Date</b> | <b>Developer's Private Investment</b> | <b>RDA TIF Note Term</b> | <b>Max. Total RDA OPA TIF Public Pledge</b>      | <b>Max. Total RDA Annual Pledge</b> | <b>Actual TIF Payment per year</b> |
|----------------------------------|----------------------------|---------------------------------------|--------------------------|--|-------------------------------------|------------------------------------|
| Chelsea Premium Outlet - Phase 1 | 08/02<br>to<br>03/04       | \$85,000,000                          | 06/05<br>to<br>06/16     | \$1,837,360                                      | \$219,842                           | \$55,632                           |
| Molasky GSA / IRS Building       | 12/04<br>to<br>04/06       | \$18,000,000                          | 06/06<br>to<br>06/26     | \$995,510  | \$93,960                            | \$33,941                           |
| World Market Center – Phase 1    | 09/03<br>to<br>06/05       | \$175,000,000                         | 06/05<br>to<br>06/25     | \$10,422,167<br><br><i>Note 1 and 2 combined</i> | \$1,064,683                         | \$744,208                          |
| Chelsea Premium Outlet - Phase 2 | 05/06<br>to<br>06/08       | \$55,700,000                          | 06/08<br>to<br>06/16     | \$756,095  | \$126,622                           | \$31,293                           |

State of Nevada Legislative Council Bureau  
 Tax Incentives to Promote Economic Development  
 Within the city of Las Vegas

|                               |                      |               |                      |              |             |           |
|-------------------------------|----------------------|---------------|----------------------|--------------|-------------|-----------|
| World Market Center – Phase 2 | 05/05<br>to<br>01/07 | \$345,000,000 | 06/08<br>to<br>06/25 | \$14,268,157 | \$1,511,897 | \$474,523 |
| Allure Tower – Phase 1        | 09/05<br>to<br>06/08 | \$252,764,936 | 06/08<br>to<br>06/28 | \$20,912,094 | \$2,114,117 | \$300,418 |
| World Market Center – Phase 3 | 05/07<br>to<br>12/08 | \$500,000,000 | 06/09<br>to<br>06/25 | \$15,831,000 | \$1,575,622 | TBD       |

4. **Green Building Abatements (NRS 701A)** – These are applied for and granted through the Department of Taxation, without the advice or consent of the City. The only business entity in the city of Las Vegas that, to the best of our knowledge, is receiving a Green Buildings abatement from the state is the Molasky Corporate Center (which is a different project than Molasky GSA / IRS). Molasky Corporate Center is NOT also receiving TIF from the RDA.
5. **Economic Development Zones (NRS 274)** – The City has not sponsored any Economic Development Zones, pursuant to NRS 274.

**Assessed Value of LVRDA Area:**

The assessed value of the core 1986 RDA Area was \$398,354,424. The assessed value of the entire RDA Area in 2008 was \$1,366,912,761, which demonstrates that the combination of new redevelopment projects and the increase in assessed values of the RDA Area over the time that the RDA has been generating new value through the momentum of the RDA’s efforts has created nearly \$1 Billion in value..

**Overview of the city of Las Vegas Redevelopment Agency:**

We have supplied some general information on the city of Las Vegas RDA. Please also refer to our website for further general information and project specifics including many new commercial businesses, retail shops, and residential developments: [www.lvrda.org](http://www.lvrda.org). Our fiscal year 2008 RDA Annual Report, *Momentum* is now available online which provides the history of the RDA, maps its development, demonstrates it’s current strategies and tactics, and list its many projects, at [www.lvrda.org/files/2008\\_RDAannulReport.pdf](http://www.lvrda.org/files/2008_RDAannulReport.pdf)

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**WHAT:** The RDA was founded in 1986 (The RDA Plan was amended in 1989, and expanded in 1992, 1996 and 2006). The RDA promotes and encourages the redevelopment of the downtown urban core and surrounding older commercial districts by working with developers, property owners and community associations to accomplish beneficial revitalization efforts.

The RDA has always functioned within units of city government, and now harmonizes with the city of Las Vegas Office of Business Development (OBD). The RDA and OBD are completely funded by tax increment generated within the RDA Area.

The RDA supports the development of affordable housing through a set-aside of 18 percent of its tax increment. That money is transferred to, and is managed by the city's Department of Neighborhood Services.

**WHERE:** The RDA Area encompasses 3,948 acres. The area roughly includes the greater downtown Las Vegas area east of I-15, south of Washington Avenue, north of Sahara Avenue and west of Maryland Parkway. It also includes the Charleston Avenue, Martin Luther King Boulevard and Eastern Avenue corridors.

In 2006, the Las Vegas City Council approved the RDA's proposal to add approximately 750 acres to its existing Redevelopment Area. The expansion added six new areas including portions along Sahara Avenue east of Paradise Road, and sections along Martin Luther King Boulevard and Bonanza Road near the "Spaghetti Bowl."

The added areas are located on the edges of the existing Redevelopment Area. These areas are primarily comprised of older commercial and manufacturing properties.

Please refer to the RDA **Redevelopment Plan and Related Documents** on-line for further details.

**HOW:** Business assistance programs for companies located within the RDA Area include:

- **Fast Track Program:** Assists with expediting entitlements and permitting.
- **Visual Improvement Programs:** Aids in upgrading commercial or industrial properties by offering a rebate for qualified exterior improvement costs.
- **Tax Increment Financing:** Provides rebate incentives for high-rise residential, retail, hotel and mixed-use projects. Eligible expenditures may include constructing streets, gutters, water lines, storm drainage facilities, traffic signals, paving, sidewalks, flood control improvements, utilities and other infrastructure costs.

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- **Retail Assistance Program:** Retail Downtown Las Vegas program to assist retailers with finding locations, as well as aid developers, commercial brokers and property owners with recruiting high-quality retail tenants for our urban area

---

**WHO:** The Las Vegas City Council serves as the Redevelopment Agency's Board of Directors, with Mayor Oscar B. Goodman acting as chairman. City Manager Doug Selby serves as executive director and the city's financial director, Mark Vincent, acts as financial officer. Day-to-day RDA functions are handled by Operations Officer Scott D. Adams, who also serves as the city's director for the Office of Business Development (OBD), and OBD Deputy Director Steve van Gorp. A team of 22 full-time and three part-time staff members are managing redevelopment and real estate projects for the agency.

**Fast Track Program:** The goal of the Redevelopment Agency's Fast Track Program is to assist businesses with expediting entitlements and permitting within the designated Redevelopment Area.

**Visual Improvement Programs (VIP):** The City of Las Vegas Redevelopment Agency sponsors two Visual Improvement Programs - (1) the Commercial Visual Improvement Program (CVIP) and (2) the Entertainment Visual Improvement Program (EVIP). These programs were created to encourage the rehabilitation of downtown commercial buildings, enhance the physical appearance of the area and improve the overall economic viability of downtown. The programs are intended to assist in the improvement of commercial or industrial properties by offering a rebate of any pre-approved qualified improvement costs. Improvements to the facades of buildings, permanent landscaping, parking facilities, signage and other external improvements are eligible for assistance.

Please refer to our VIP Applications on-line for further details.

**Tax Increment Financing (TIF):** The city of Las Vegas Redevelopment Agency (RDA) is offering Tax Increment Finance (TIF) rebate incentives for high-rise residential, retail, hotel and mixed-use projects located within the Las Vegas Redevelopment Area. The Redevelopment Area consists of approximately 3,948 acres that generally includes downtown Las Vegas, as well as portions of West Las Vegas and along Eastern Avenue.

Tax Increment is defined as the increased property taxes generated due to new development on a site. The TIF program uses tax money from the difference in the originally assessed property value and the new, enhanced property value to pay for eligible qualified expenditures. Up to 41 percent of the Tax Increment can be rebated annually to a property developer for eligible qualified expenditures to a construction project. Eligible expenditures may include constructing streets, curbs, gutters, water lines, storm drainage facilities, traffic signals, paving, sidewalks, flood control improvements, utilities, other infrastructure costs and more.

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While the term for TIF rebate assistance is negotiable, the rebate cannot extend past the life of the agency or more than 20 years. The agency's maturity date, required by Nevada state law, is in the year 2031.

---

The RDA TIF Application is available on-line at:  
[www.lvrda.org/files/TIF\\_Application\\_FINAL\\_12-24-2007.pdf](http://www.lvrda.org/files/TIF_Application_FINAL_12-24-2007.pdf)

**Retail Assistance Program:** The city of Las Vegas Redevelopment Agency (RDA) designed its Retail Downtown Las Vegas program to assist retailers with finding locations, as well as aid developers, commercial brokers and property owners with recruiting high-quality retail tenants for our urban area through the following:

- Recommending successful city programs and RDA incentives that can entice retailers to enter the downtown market.
- Providing expedited assistance to property owners and tenants within the RDA for tenant improvements and ground-up development.
- Identifying existing retail trade areas and retail anchor development that provides the highest and best use for ground-floor commercial, office and downtown residential uses.

Information-oriented services are another key element of the Retail Downtown Las Vegas program. RDA staff provides information on up-to-date market data and current demographic trends, distributes free quarterly e-mail blasts detailing downtown retail progress, conducts downtown retail tours and promotes the city during key retail-oriented conventions and conferences.

Retail success stories during the past fiscal year include:

- Recruitment of a much-needed and long-awaited grocery store for the West Las Vegas area.
- Aiding with the recruitment of tenants for downtown's new entertainment district, Fremont East.
- Obtaining 24-Hour Fitness and Jason's Deli as tenants for the Molasky Corporate Center.
- Assisting Soho Lofts with attracting the Dust Gallery and the Globe Salon.

**RDA Contacts:**

Please contact Scott D. Adams or Steve van Gorp at the city of Las Vegas Redevelopment Agency; 400 Stewart Avenue; Las Vegas, Nevada 89101; Phone: (702) 229-6100; Toll Free: (866) 777-7483; Fax: (702) 385-3128.

# City of Mesquite Response



David R. Empey, CPA *Finance Division Manager*

Mr. Russell Guindon  
 Senior Deputy Fiscal Analyst  
 Legislative Counsel Bureau  
 Fiscal Analysis Division

Dear Mr. Guindon:

Please accept this as response to your January 5, 2009 correspondence requesting information concerning Mesquite’s use of authorized funding mechanisms and tax abatements for things such as economic development, tourism and redevelopment, specifically the eight different mechanisms cited in your letter. Of those mentioned, Mesquite employs only the use of a Redevelopment District wherein property taxes are re-allocated through the county to the Redevelopment District. Creation of the Redevelopment District was approved by Council Resolution on February 25, 1995 at which time the assessed value was \$42,182,750. The most recent assessed value information we have is for FY 08-09 and is reported to be \$267,347,624. In addition to the property tax revenues, the District has also entered into certain financing agreements for funding of major projects that promote development conducive to upgrades, renovations, land acquisition within the District, main street / streetscape improvements to stimulate and attract commercial viability in core downtown business districts and adjacent properties to increase cultural, recreation and educational opportunities. The City has not extended tax abatements or exemptions in the past.

Mesquite has always attempted to leverage the use of RDA funds with other sources, including private investment. Specific projects and Debt Service for FY 1996 thru FY 2008 include ...

| Project Description                              | Timeline    | Project Cost  | RDA Financing |           |
|--|-------------|---------------|---------------|-----------|
|  |             |               | Amount        | Type      |
| Recreation Center Construction - public facility | 1998 - 2003 | \$ 7,416,000  | \$ 6,350,000  | Bond      |
| Senior Center Construction - public facility     | 1998 - 2004 | \$ 1,073,000  | \$ 1,073,000  | Cash      |
| City Hall Addition - public facility             | 2001        | \$ 700,500    | \$ 700,000    | Cash      |
| Police Station - Design - public facility        | 2008        | \$ 73,000     | \$ 73,000     | Cash      |
| Museum / Fine Arts Construction                  | 2001 - 2004 | \$ 924,000    | \$ 924,000    | Cash      |
| Rehab - Old Elementary School                    | 2003 - 2008 | \$ 1,300,000  | \$ 1,300,000  | Cash      |
| Rehab - Old Gymnasium                            | 2008        | \$ 275        | \$ 275        | Cash      |
| Rehab - Historic 'Rock House'                    | 2008        | \$ 14,000     | \$ 14,000     | Cash      |
| Misc Streetscapes                                | 1996 - 2007 | \$ 293,000    | \$ 293,000    | Cash      |
| Reconstruct Mainstreet - Mesquite Blvd           | 2001 - 2008 | \$ 11,368,000 | \$ 3,300,000  | Bond      |
| Business Park Road Construction - Falcon Ridge   | 2003 - 2008 | \$ 649,000    | \$ 649,000    | Cash      |
| Land Acquisition / Business Relocation           | 1999 - 2008 | \$ 2,134,000  | \$ 2,134,000  | Cash      |
| Business Incentives                              | 2005 - 2008 | \$ 92,000     | \$ 92,000     | Cash      |
| Historical Markers - Downtown District           | 2003 - 2008 | \$ 269,000    | \$ 269,000    | Cash      |
| Locker Rooms Upgrade @ Old Mill Park             | 2008        | \$ 244,000    | \$ 244,000    | Cash      |
| I-15 Exit 122 Beautification                     | 2004 - 2007 | \$ 246,000    | \$ 246,000    | Cash      |
| Trail Enhancements                               | 2007 - 2008 | \$ 7,600      | \$ 7,600      | Cash      |
| Debt Service                                     | 1998 - 2008 | \$ 6,526,458  | \$ 6,526,458  | From Cash |

Each project listed above has had an extraordinary impact on the development of Mesquite which, began as a primarily agricultural community with little commercial activity, or residential / retail / commercial/industrial development. The RDA has allowed the City to position itself as a growth oriented, destination-resort community that strives to improve opportunities and quality of life for it’s residents and visitors alike. The Redevelopment District has been a major and key component in the City’s evolution from rural agri-base to recreation/retirement/destination orientation, which in turn drives infrastructure upgrades, overall beautification in previously tired areas of town and expansion of commercial / retail opportunities for residents. The RDA has been, and will continue to be, a crucial component of this City’s development.

10 E. Mesquite Blvd., Mesquite, Nevada 89027  
 Phone: (702) 346-5295 Fax: (702) 346-2908  
 E-Mail: dempey@mesquitenv.gov

# **City of North Las Vegas Response**

Mayor  
Michael L. Montandon

City Manager  
Gregory E. Rose

Council Members  
William E. Robinson  
Stephanie S. Smith  
Shari Buck  
Robert L. Eliason



*Your Community of Choice*

Office of the City Manager  
2200 Civic Center Drive • North Las Vegas, Nevada 89030-6307  
Telephone: (702) 633-1005 • Fax: (702) 633-1339 • TDD: (800) 326-6868  
[www.cityofnorthlasvegas.com](http://www.cityofnorthlasvegas.com)

January 21, 2009

Russell Guindon, Senior Deputy Fiscal Analyst  
Legislative Counsel Bureau  
Fiscal Analysis Division  
401 South Carson Street  
Carson City NV 89701-4747

Dear Mr. Guindon:

I am responding to your letter dated January 5, 2009 which requests information on incentives utilized in the City of North Las Vegas through our economic development efforts. Below is an item-by-item discussion, which will provide you with an overview of the tools we employ to enhance our ability to attract additional employment opportunities and capital investment to our community.

- *Tourism improvement districts or Sales Tax Anticipated Revenue Bonds (STAR Bonds) (Nevada Revised Statutes [NRS] 271A)*

The City of North Las Vegas currently has no projects utilizing these bonds, nor have we utilized them in the past.

However, in order to be prepared for the possibility that the City of North Las Vegas could be approached by parties interested in utilizing this State program, at a meeting held on October 17, 2007, our City Council formally adopted the qualification criteria regarding their use. These criteria are provided as Attachment A. The City's policy is that any applicant requesting these bonds must demonstrate how they meet all the criteria PRIOR to an item being placed on a City Council Agenda for discussion and possible action.

- *Zones for economic development (NRS Chapter 274)*

At the current time, North Las Vegas does not have any active specially benefited zone and has no current projects or businesses that have received or are receiving incentives or abatements.

It is our understanding that NRS Chapter 274 sunsetted several years ago and specially benefited zones are no longer available. However, in 2005, legislation sponsored by State Senator Steven Horsford, was approved providing for abatements for qualifying businesses. They include new

and expanding businesses locating in the zone and businesses that hire dislocated workers. Consequently, the Southern Nevada Enterprise Community (SNEC) Infrastructure Advisory Board has prepared a Community Economic Development Plan (SNEC Plan). Senator Horsford plans to submit it to the state senate and may request special incentives and criteria to generate economic development in the SNEC Focus Area.

- *Tax increment areas (NRS 278C)*

**The City of North Las Vegas currently has no projects utilizing this financial mechanism, nor have we utilized it in the past.**

However, in order to be prepared for the possibility that the City of North Las Vegas could be approached by parties interested in utilizing this State program, at a meeting held on October 17, 2007, our City Council formally adopted the qualification criteria regarding their use, and provided as Attachment B. The City's policy is that any applicant requesting this financing must demonstrate how they meet all the criteria PRIOR to an item being placed on a City Council Agenda for discussion and possible action.

- *Partial tax abatements for economic development (NRS 360, 361, or 374)*

**The City of North Las Vegas has projects utilizing this financial mechanism.**

The latest prospect is GE Transportation (GE), headquartered in Erie, PA, GE has leased 67,000 square feet of industrial space in the Thomas & Mack Northern Beltway Industrial Park. This industrial facility will remanufacture and modernize rail wheels for sale or lease. They will employ 66 full-time employees with an average hourly wage of \$19.66 per hour or \$40,892.80 per year. Employees are provided with a full benefits package upon employment. GE Transportation anticipates hiring an additional 40 employees over the next 2 years. The economic impact of GE Transportation locating to North Las Vegas and southern Nevada is as follows:

Five Year Payroll Impact: \$24,703,581 Five Year  
Economic Impact: \$128,295,007 Five Year Local  
Tax Revenue Impact: \$3,057,070 Five Year State  
Tax Revenue Impact: \$797,074

Due to the number of jobs, average wage and capital investment made by GE Transportation, they were eligible for tax abatements offered by Nevada and worked with the Nevada Development Authority and the Nevada Commission on Economic Development.

- (1) On April 16, 2008, GE Transportation appeared before the Nevada Commission on Economic Development and received: (a) Sales & Use Tax Abatement, (b) Sales & Use Tax Deferral, and (c) Modified Business Tax Abatement.
- (2) The amount of the abatements were calculated based on the company's projected capital equipment expenditures of \$3,122,000 and hiring 66 full-time employees

with an average hourly wage of \$19.66 per hour.

Sales & Use Tax Abatement: \$179,515.00

Sales & Use Tax Deferral: \$62,440

Modified Business Tax Abatement: \$16,490.00

(3) The ability to offer tax abatements considering to businesses locating to Nevada is important when being compared to other states incentives programs.

- *Partial tax abatements for Green Buildings or energy systems (NRS 701A)*

**The City of North Las Vegas currently has no projects utilizing these tax abatements, nor have we utilized them in the past.**

- *“If there are other types of funding or tax abatements you are currently using to promote economic development, redevelopment, or tourism, that information would also be very helpful”*

#### ***Utility Franchise Fee Abatement***

Firestone Building Products’ decision to locate in North Las Vegas was a lengthy process whereby the economic development staff worked in conjunction with the Nevada Development Authority in providing a comprehensive overview of the benefits to locating a manufacturing facility in North Las Vegas and the abatements that they could be eligible to apply for. In addition to the state tax abatements, the City of North Las Vegas presented an additional abatement program that is considered by City Council to large utility users. A five-percent utility franchise fee is collected by the utility companies on behalf of the City. The City Council may vote to abate a portion of this fee for eligible companies that are considering locating to the City, hiring employees, paying an average hourly wage higher than the statewide minimum, making a substantial capital investment and distributing more than 50% of their finished product outside the state of Nevada. Firestone, having met all of the above listed criteria appeared before the North Las Vegas City Council and had 2% of the 5% franchise fee abated for a period of five years. This abatement would be approximately \$940 per month (\$11,280 per year), a total of \$56,400 over the five-year period.

Firestone Building Products leased a 253,200 square foot building and committed to hiring 50 full-time employees during their first year with an average hourly wage of \$19.41 per hour. A competitive benefits package is available to all employees after 3 months of employment.

- *Information on the use of Financing for Redevelopment Projects*
  1. North Las Vegas has no Tourism Improvement Districts
  2. North Las Vegas has no Tax Increment Areas created under NRS 278C
  3. North Las Vegas has two Redevelopment Areas. The Downtown Area was created in 1990 and the North Redevelopment Area was created in 1999.

The purpose of the Districts is to eliminate blight and redevelop the areas within its boundaries as stipulated in NRS 279.416 and 279.418. In other words the declaration of state policy indicates “there exist in many communities blighted areas which constitute either social or economic liabilities, or both, requiring redevelopment in the interest of the health, safety and the general welfare of the people of those communities and of the State. The existence of blighted areas constitutes a serious and growing menace which is condemned as injurious and inimical to the to the public health, safety and welfare of the people in the communities in which they exist and of the people of the State. Such blighted areas present difficulties and handicaps, which are beyond remedy and control solely by regulatory power processes in the exercise of the police power. They contribute substantially and increasingly to the problems of, and necessitate excessive and disproportionate expenditures for crime prevention, correction, prosecution and punishment, the treatment of juvenile delinquency, the preservation of the public health and safety, and the maintaining of adequate police, fire and accident protection and other public services and facilities. This menace is becoming increasingly and substantial in its significance and effect. The benefits which will result from the remedying of such conditions and redevelopment of blighted areas will accrue to all the inhabitants and property owners of the communities in which they exist.”

### **Specific Projects - Cheyenne Pointe**

In 2007 in partnership with the Montecito Companies the Agency completed the its first substantial project, the 89,000 square foot Cheyenne Pointe neighborhood shopping center. This project, begun in 2006, is an excellent example of the type of project the Agency intends to undertake in the future. A true partnership, in every sense of the word, the Agency was able to relocate an old fire station being used by the City’s Police Department for its SWAT unit to make this project feasible. In return for the deed to the fire station parcel the developer located, purchases and outfitted a new building in which SWAT was the turnkey tenant. Only a redevelopment agency, not a city, has the necessary legal tools to undertake a creative solution such as this one.

In return for Montecito agreeing to construct a \$22 million neighborhood shopping center, the Agency contributed approximately \$400,000 in a one-time injection of redevelopment funds. These public funds were spent on upgraded landscaping and on-site utility improvements. The landscaping is the type of public improvement that is a direct benefit to the surrounding community as much as it is to the project owner as it demonstrates to the neighborhood that the Agency’s intent is to upgrade the aesthetics of the entire area over time. This pride of ownership displayed by the shopping center owner invariably spreads to the surrounding neighborhood with individual homeowners responding by upgrading their residences.

On all redevelopment projects the Agency’s target for financial contributions is a \$10 private sector investment for every \$1 of public sector funds. Cheyenne Pointe substantially exceeded the target with a ratio of \$55 of private sector investment for every \$1 the Agency expended. Further, due to the new property taxes generated, it is estimated the Agency will recapture its entire investment within two years making this an outstanding example of prudent and successful investment of scarce Agency resources.

In terms of economic benefit, the Cheyenne Pointe shopping center created approximately 425 jobs on a site, which had been vacant and blighted for years. It also provided a grocery store in a neighborhood where many of the residents do not have a vehicle in which to go grocery shopping. Anchored by a Marianna's grocery store this project provides valuable services to a very underserved nearby residential neighborhood. Additionally, establishments such as Starbucks, Cici's Pizza and Panda Express provide a valuable resource to students taking classes at the nearby community college, to commuters entering or exiting Interstate 15 and to workers employed at businesses located in the Cheyenne Technology corridor.

This project has been critical for the City of North Las Vegas for a variety of reasons. Redevelopment funds are designed as a resource to be prudently invested in the local community. Until three years ago the continued blight within redevelopment area boundaries contributed to stagnant or minimal appreciation in property taxes. Without significant appreciation in property taxes the Agency had limited resources to reinvest in the community. With the Cheyenne Pointe project, and corollary Agency efforts to purchase and remove blighted buildings, property taxes have begun to increase. The increase in property taxes, in turn, enables the Agency to contemplate several future projects, which will continue the momentum begun by Cheyenne Pointe.

Symbolically this project has been critical to the City because it provides a dramatic signal that the Agency cares about lower income neighborhoods and will not abandon them. It demonstrates to the businessmen in these areas that their decision to locate and operate in a redevelopment area will be matched by a similar commitment from the public sector. It provides a statement to the community that blighted parcels and buildings will no longer remain to drag down property values and serve as a crucible for criminal activities. Rather, the Agency will take decisive action to eliminate derelict properties, not surprisingly, often owned by absentee landlords unconcerned with the appearance or vitality of the neighborhood. Finally, Cheyenne Pointe demonstrates to the residents in the neighborhoods, many living on limited incomes, that they deserve the same type of shopping and dining opportunities enjoyed by residents in all other parts of the City and, more importantly, that the Agency will be an active participant, and play a crucial role in insuring these opportunities, as long as they are dictated by private sector market forces, will be available to all its citizens no matter where they live or the amount of their household income. These are just a few of the reasons redevelopment is critical for the future of downtown North Las Vegas and the City as a whole.

### **Assessed Value of Cheyenne Pointe**

The estimated assessed value of the project's land was less than \$25,000. Since the construction and completion of Cheyenne Pointe, the current assessed value is \$993,568, nearly twenty times its initial assessed value.

### **Specific Projects - Las Flores**

In 2009 the Agency will likely consider the Las Flores Shopping Center project. This project is anticipated to be constructed on a 32-acre parcel located at Las Vegas Boulevard and Hamilton Streets. The project is envisioned to provide severely needed services to an underserved portion of the downtown where residents currently find it difficult to obtain necessary goods and services

due to their low incomes and, in many cases, lack of automobile transportation.

The project is anticipated to generate \$100 million in new private sector investment and to provide 350,000 square feet of badly needed retail and service businesses. It is estimated this project will create 400 temporary construction jobs and 722 new permanent jobs. This shopping center will provide numerous opportunities for new small businesses and an estimated payroll of approximately \$16 million per year. The project is also estimated to create 337 new spin-off jobs resulting in an annual payroll of approximately \$12 million. Finally, as the keystone of redevelopment of downtown North Las Vegas, this project, in concert with the new City Hall and the expansion of the Silver Nugget Casino, will provide the critical mass needed to generate millions of dollars of additional private sector development and ultimately reverse the decline and deterioration which has been a constant in this area for decades.

**State Economic Development Programs**

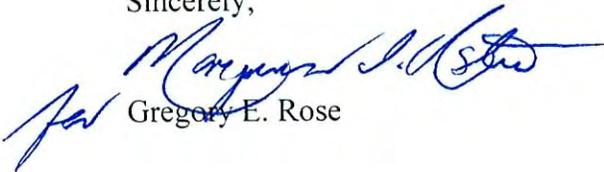
There are no buildings in the North Las Vegas Redevelopment Area receiving any partial abatement of taxes under the State Economic Development Programs.

**Local Government Revenues Being used for a Project, which Benefits a Business Entity**

The Redevelopment Agency operates a facade improvement program, which benefits local businesses. This program is used to match local business investment in the exterior of their buildings in an ongoing effort to eliminate blight and deterioration.

This response summarizes the types of incentives that have been used to foster economic development and redevelopment efforts recently. If you have any questions regarding the information provided or require additional information, please contact Peggy Proestos, Manager, Business Development Division, Economic Development Department at (702) 633-2069. Her email address is proestosp@cityofnorthlasvegas.com.

Sincerely,

  
Gregory E. Rose

## Star Bonds - - - Qualification Criteria

- 1) Minimum Site Size: 75 acres
- 2) Capital investment: \$200 million
- 3) % Of Residential: 30% or less surface land area
- 4) Job Creation: minimum of 800 new permanent jobs
- 5) Minimum Payroll Impact: \$16 million annually (benchmarked by: Nevada Department of Employment, Training and Rehabilitation)
- 6) Detailed discussion and “letter of intent” of activity, or attraction, which will differentiate this project from all other retail oriented developments in Southern Nevada and lure out-of-state visitors to the facility.
- 7) Cannot be utilized in conjunction with a project containing an unrestricted gaming operation unless permanent jobs and annual payroll double the above stated minimum requirements, and there is a minimum total capital investment of \$1 billion, excluding the cost of land.
- 8) Supported by a cost-benefit analysis agreed upon by the City Manager, or his designee. Included in the cost-benefit analysis:
  - 5 year operating history of developer.
  - Pro forma for the project to determine viability.
  - Description of similar projects in Southern Nevada.
  - A detailed report of all funding to be utilized in the project and the specific source(s) associated with each financing component.
  - A written summary demonstrating why this “gap financing” through the use of a Star Bond is necessary for the project to move forward.
  - Description of surrounding, existing and planned land uses, and a discussion of how this project will act as a catalyst for future capital investment and employment creation.
  - Illustrate a benefit to all citizens of North Las Vegas as a result of the project.
  - Any other information deemed necessary by the reviewing departments.
- 9) Include a schedule of performance (milestones for construction and employment - must show progress).
- 10) Non-assignment clause.

## Tax Increment Areas - - - Qualification Criteria

- 1) Minimum Site Size: 100 acres
- 2) Capital investment: \$200 million
- 3) % of Residential: 30% or less surface land area
- 4) Job Creation: minimum of 1,000 new permanent jobs
- 5) Minimum Payroll Impact: \$20 million annually (benchmarked by: Nevada Department of Employment, Training and Rehabilitation)
- 6) Cannot be utilized in conjunction with a project containing an unrestricted gaming operation unless permanent jobs and annual payroll double the above stated minimum requirements, and there is a minimum total capital investment of \$1 billion, excluding the cost of land.
- 7) Supported by a cost-benefit analysis agreed upon by the City Manager, or his designee. Included in the cost-benefit analysis:
  - 5 year operating history of developer.
  - Pro forma for the project to determine viability.
  - Description of similar projects in Southern Nevada.
  - A detailed report of all funding to be utilized in the project and the specific source(s) associated with each financing component.
  - A written summary demonstrating why this “gap financing” through the use of a Tax Increment Area is necessary for the project to move forward.
  - Illustrate a benefit to all citizens of North Las Vegas as a result of the project.
  - Any other information deemed necessary by the reviewing departments.
- 8) Include a schedule of performance (milestones for construction and employment - must show progress).
- 9) Non-assignment clause.



# City of Reno Response

**Response to Legislative Council Bureau**  
 City of Reno - Economic Funding Sources and Impacts

| Department           | Project Description                  | Project Beginning Date | Estimated Project Completion Date | NRS  | Type of Financing/ Abatement             | Amount of Abatement/ Assistance | Funding Details   | Benefit to the City of Reno  | Total Estimated Recurring Economic Impacts   | ROI Calculations   |
|----------------------|--------------------------------------|------------------------|-----------------------------------|--|--|---------------------------------|---|--|--|--|
| Redevelopment Agency | Reno Opportunity Growth Fund         | On-going               | Ongoing                           | N/A  | CDBG Funding                             | \$ 983,000                      | Low Interest Business Loans to ten small businesses   | RDA (Downtown Revitalization and Job Creation)   | Total Jobs Created: 59   |  |
|                      | Cabela's Star Bond District # 2006-1 | 9/27/2007              | 11/15/2008                        | NRS 271A.050                                     | Star Bonds                               | \$ 34,700,000                   | Tax-Exempt Bond totals - \$16,525,000 term 20 years at 4%; Taxable Bond Totals - \$18,175,000 term 20 years at 6.5% | City to receive additional sales tax revenue from the project; New Jobs Created; Increases Tourism to the Area   | Creation of 250 permanent jobs; 2 million new tourists to the area   |  |
|                      | AAA Baseball Stadium                 | 6/14/2007              | 4/17/2009                         |  | Washoe County Rental Car Sales Tax Bonds | \$ 18,000,000                   |   | This is currently the largest project in the Redevelopment Area #1. The project is spurring interest in the area, resulting in numerous subsequent projects requiring far less subsidy or zero assistance. Projected 20 year tax increment from this project: \$56,765,000 | <b>Direct Impacts:</b><br>Employment - 1239/Construction Wages/Salaries - \$2,438,555<br>Economic Output - \$135,000,000<br><b>Indirect Impacts :</b><br>Employment - 283/On going Wages/Salaries - \$211,065<br>Economic Output - \$19,400,000<br>I | Private Investment Leverage - \$60M<br>Public cost per job created -\$14,527<br>Annual wages/salaries per \$1 invested - \$1.84<br>Annual economic output per \$1 invested - \$7.5 |
|                      | Sierra Summit                        | 10/1/2004              | 12/1/2006                         | City Charter Article 7A Finance by Tax Increment | Sales Tax Rebabte Program                | \$ 10,000,000                   | Private Financing \$100,000,000   | Generation of additional property and Sales Taxes, new job creation, further diversification of the local economy  | <b>Employment: 1,500 jobs</b>  | Private Investment - \$100,000,000   |

# City of Sparks Response



CITY MANAGER

January 20, 2009

RECEIVED  
09 JAN 21 AM 8:45  
FISCAL ANALYSIS DIVISION

Russell Guindon, Senior Deputy Fiscal Analyst  
Legislative Counsel Bureau, Fiscal Analysis Division  
Legislative Building  
401 S. Carson Street  
Carson City, NV 89701-4747

Re: Request for Information on Economic Development Funding Mechanisms

Dear Mr. Guindon:

Thank you for the opportunity to respond to your inquiry dated January 5, 2009 requesting information on the current use of funding mechanisms and tax abatements for the economic development, tourism and redevelopment agencies. The City of Sparks currently utilizes Tax Increment Districts (STAR Bonds), Tax Improvement Areas, and Redevelopment Areas. To our knowledge, no business entities that receive benefits for a project within these districts and areas have received partial abatements of sales and use taxes and property taxes for economic development and Green Buildings. What follows is an explanation of how these mechanisms have been put to use within the City of Sparks:

#### **Tourism Improvement Districts**

The City of Sparks has successfully entered into a development agreement and construction is well under way on the Legends at the Sparks Marina Project. This project is the first use of Sales Tax Anticipated Revenue (STAR) bonds in the City of Sparks and represents an historic opportunity for boosting tourism in Northern Nevada. This project represents the hopes and dreams of many in Northern Nevada to spur growth in our tourism and visitations business sector and, thereby, boost our economy. The first phase of the project was completed when Scheels All Sports, the "World's Largest Sporting Goods Store", opened on September 27, 2008. Target opened their doors soon thereafter, and other retail establishments are expected to open in time as this project progresses. Overall, the Legends at the Sparks Marina Project is expected to attract over 600,000 visitors annually, which is a significant increase in a tourism market that currently welcomes approximately 5.1 million visitors.

On July 23, 2007, the City of Sparks created a Tourism Improvement District for the purpose of carrying out the acquisition, improvement, equipping, operation, and maintenance of certain real and personal property within the District that is suitable for retail, tourism, or entertainment purposes.

The District is located east of McCarran Boulevard, south of Prater Way, west of Sparks Boulevard, and north of and adjacent to Interstate 80, within the corporate limits of the City of Sparks. The District is planned to be developed as a major destination retail and entertainment center. It encompasses a gross area of approximately 147.73 acres and is upon full build-out is planned to include approximately

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*www.cityofsparks.us*

1,930,000 square feet of retail, hotel, casino, and entertainment space. Approximately 14.14 of the gross acres are projected to be road rights-of-way, with the remaining 133.59 acres being subdivided into fifteen separate parcels. Thirteen of the fifteen parcels are owned by RED Development, and the remaining parcels are owned by Olympia Gaming and Target Corporation.

The Developer's anticipated total budgeted cost for the Developer's Project and Scheels' within the District is approximately \$401 million, which consists of a Phase 1 budgeted cost of \$321 million and a Phase II budgeted cost of \$80 million. Based on its current plans, Olympia Gaming estimates that the total cost for Stage I of the Olympia Hotel/Casino could be \$160 million. The STAR Bonds revenues have been an important factor in attracting destination retail that is critically needed in Northern Nevada, but no STAR Bonds are being used in the construction of the hotel and casino. Other tenants within the development are expected to include J.C. Penney, Lowe's, Best Buy, three more hotels, and an RV dealer.

The City of Sparks has committed to issue STAR Bonds yielding net proceeds of \$156.66 million. The bond proceeds will be used to reimburse the developer for a portion of its construction costs. To date, the City has issued a total of \$83.29 million of STAR bonds for Phase 1 of the project. The financing was structured as two term bonds; \$23.8 million, 6.5%, due June 15, 2020 and \$59.4 million, 6.75%, due June 15, 2028. The City intends to issue additional STAR bonds, both public senior bonds and privately placed subordinate bonds, in the fall of 2008 to fund remaining Phase I costs and Phase II construction costs. In addition to the STAR bonds, the Redevelopment Agency of The City of Sparks, Nevada has issued \$12.7 million of tax increment revenue bonds yielding a net of \$9.25 million, to purchase land for an arena, public art, common areas and landscaping. The financing was structured as two term bonds; \$5.28 million, 6.40%, due June 1, 2020, and \$7.42 million, 6.7%, due June 1, 2028.

The private sector contributions by RED Development and other private sector sources total over \$911,372,033. The public investment in the project is an additional 19%, providing a solid return of economic development efforts that are urgently needed in our Northern Nevada market.

The City of Sparks is committed to the prudent use of STAR bonds for the improvement of tourism in Northern Nevada. Although we do not currently have additional STAR bond projects planned for our community, we believe they are essential to the repositioning of our tourism market and overall economy.

## **Tax Increment Areas**

### **Kiley Ranch**

- Base year assessed valuation = \$13,027,454
- Current year incremental assessed valuation = \$6,386,815

The City of Sparks created the Kiley Ranch Tax Increment Area on February 11, 2008, pursuant to Nevada Revised Statutes, Chapter 278 C.

The City has also entered into a formation agreement with Kiley Ranch Communities, in which, the City agreed to issue bonds to provide for the construction or acquisition of certain public improvements, as more fully provided in NRS 278 C.140. To date, there is insufficient tax increment revenue to support a bond issue.

The policy of the City of Sparks for the use of tax increment financing is centered around the creation of new, higher paying jobs, in proximity to our suburban residential areas.

Most of the population in the Truckee Meadows resides north of Interstate 80 and even more of the approved residential growth is in that same area.

In the North Sparks/Spanish Springs area, more than 15,000 new residential units will be constructed when the economy recovers. The vast majority of residents north of I-80 commute to South Reno for work, impacting our freeway and transportation system.

Kiley Ranch was redesigned a few years ago as a Smart Growth project where densities were increased to reduce sprawl. Moreover, the project includes new commercial areas and substantial business park acreage. This will significantly reduce traffic congestion and commuting distances.

Our tax increment financing can be used to provide infrastructure for the job-generating business parks which will implement the Target 2010 strategies developed by the Economic Development Authority of Western Nevada (EDAWN) and funded with a \$1.5 million investment by the State of Nevada.

A jobs-housing balance in key suburban locations will greatly enhance our local economy, reduce traffic congestion, and improve the quality of life for our region.

## **Redevelopment Areas**

### **Town Center Redevelopment Area No. 1 (including Victorian Square)**

- Base year assessed valuation = \$35,250,029
- Current year incremental assessed valuation = \$139,496,888

The Town Center Redevelopment Area (a.k.a., Redevelopment Area 1) has been in existence since 1978 and the Redevelopment Agency has utilized property tax increment revenues to acquire property and finance numerous public improvements and programs that have eliminated blight and significantly improved downtown Sparks and surrounding neighborhoods. Additionally, the City has utilized proceeds from room taxes as allowed by AB205 (2003 Legislature) for improvements and uses intended to attract and expand tourism in Sparks' Victorian Square area.

Over the years, the available tax increment financing has been utilized for a variety of needs including reconstructing streets, alleys and new streets. The landscaped plaza and interactive fountain have become the signature image of Victorian Square. Other public improvements include two public parking structures, major streetscape and utility enhancements, facade improvement loans for existing businesses on Victorian Avenue, and property acquisitions.

The Agency has invested tax increment funds to buy land for a senior affordable housing development and to fund major capital improvements, in unison with Federal CDBG funding, at several schools serving K-12 students, located within the redevelopment area. All of the Agency's tax increment investments have been used to advance the goals of attracting private investment and/or improving the quality of life and economic opportunity for residents and businesses in the redevelopment area.

The Agency most recently refinanced its debt in 2000. Annual debt service is currently \$2.6 million. Since 2000, the Agency's Area No. 1 tax increment revenues have fallen sharply due first to the devaluations of gaming properties since the post 9/11 tourism decline, and also from the growing competition from Indian gaming in Northern California. Today revenues remain below 2001 levels. For fiscal year 2009 the Agency is projecting tax increment revenues of \$3.6 million. Because the Agency's tax increment financing covenants include a 1.5 times debt coverage requirement, the Agency has been unable to issue any additional debt for Area No. 1 and has been limited to financing operations and investments on a "pay as you go" basis in recent years.

The Agency's current primary goal for Area No. 1 is the implementation of the Victorian Square Development Plan, adopted as an amendment to the Town Center Redevelopment Plan in 2005. The Agency is intent on completing all phases of the Victorian Square Development Plan within a five year period – market conditions permitting – to create a distinct, vibrant, mixed-used residential, retail and office "urban village" style downtown that also sparks the further revitalization of the adjacent residential neighborhoods and commercial corridors. This strategy builds on the current success of Victorian Square as a civic space and setting for special events, and on the presence of "entertainment" shoppers frequenting the casinos and movie theater.

The anticipated private investment in the project is expected to total \$80-100 million. The Agency expects to provide land previously acquired for the project. It also expects to use tax increment revenues on a "pay as you go basis" for construction of certain public improvements and amenities and to facilitate private investment in new structures for retail, dining and entertainment uses. These expenditures are expected to total \$3-\$5 million through 2023, when the Town Center Redevelopment Area will terminate.

#### **Town Center Redevelopment Area No. 2 (including the Marina Village)**

- Base year assessed valuation = \$73,939,854
- Current year incremental assessed valuation = \$76,096,461

In 1999, the Redevelopment Agency District No. 2 was created. This District was comprised of three noncontiguous areas – Oddie Boulevard (an aging commercial/industrial strip), the Southwest Industrial area (one of the oldest areas in Sparks), and the Sparks Marina.

The Marina Village project is a mixed-use project on the eastern end of the Sparks Marina that includes 59 single family homes (completed), 240 apartments (completed), 157 condominiums (first phase underway, to be completed in 3 phases), and retail and offices uses (portions completed). The project is located on the site of former materials processing and batch plants. The property was severely blighted and was need of critical redevelopment.

In connection with the project, the project developer built public improvements including an extension of Lincoln Way, public infrastructure (sewer, water and storm drains), internal streets and bridges, a public path along the Marina Lake, a marina-style canal through the residential home development, and amenities (trees, benches, light fixtures, etc) to promote a marina ambiance for the project.

The Agency entered into a reimbursement agreement to reimburse the developer \$5,019,420 for the cost of the public improvements. The reimbursements will be in six progress payments based on the expected tax increment to be generated by the project as it is completed. Three of the six

reimbursement payments have been made, leaving \$2,418,000 to be paid. Completion of the project and final payment is expected by 2012.

While the project has had its challenges (including the current housing market downturn) and delays, Marina Village is a success and is accomplishing its established redevelopment goals.

Town Center Redevelopment Area No. 2 is scheduled to terminate in 2029.

In conclusion, thank you for the opportunity to provide critical information on the City of Sparks and how we have used some of the tools provided to us by the State legislature to improve the economic outcomes for our community and all of Northern Nevada. We believe each of these public financing tools was essential to, and the primary reason why, the Legends Project is under construction in Sparks; Victorian Square is moving forward; and a better jobs-housing balance is within our grasp. We look forward to answering any further questions you may have.

Sincerely,

A handwritten signature in black ink that reads "Shaun Carey". The signature is written in a cursive, flowing style.

Shaun D. Carey  
City Manager

# **City of West Wendover Response**



Russell:

I'm in receipt of your letter of January 5th in regards to Tourism Improvement Districts, Tax Increment Areas and Redevelopment Areas. The City of West Wendover has not used any of the three provisions, though they have been considered in the past. In general due to the restrictive nature of how such activities would be structured and meeting the general requirements such as those provided for under a "redevelopment area".

However, you inquired about other incentives the City has or is using. We are using the provisions of N.R.S. 268.048, 277.050 with regard to sale/lease of public owned property for economic development purposes. This process, though cumbersome, is much less cumbersome and restrictive than the other three available options. This process has at least provided us some capability in perform economic development projects. As such in the last 18 months, the City sold off approximately 7 acres of land under a public auction, the revenue of which was used to help construct a 30 acre improved industrial/logistics park (completed in September 2008). We will now be using the provisions of 268.048 and 277.050 in providing land as an incentive for economic development.

Hope that helps.

Chris J. Melville  
City Manager  
City of West Wendover, Nevada  
westwendovercity.com  
(775) 664-3081

# **City of Winnemucca Response**



# CITY OF WINNEMUCCA

**DI AN PUTNAM**, Mayor  
**RICHARD STONE**, Council Seat 1  
**DOUG CAIN**, Council Seat 2  
**JOYCE SHEEN**, Council Seat 3  
**PATTY HERZOG**, Council Seat 4  
**DON STOKER**, Council Seat 5

90 WEST FOURTH ST.  
WINNEMUCCA, NV 89445

**D. Stephen West**, P.E., Manager/Engineer (775) 623-6333  
**Eddy D. Davis**, Clerk/Treasurer (775) 623-6338  
**Bob Davidson**, Police Chief (775) 623-6396  
**Roger Sutton**, Public Works Supervisor (775) 623-6381  
**Steve Swetker**, Recreation Director (775) 623-6325  
**Sherrie Chaplin**, Building Inspector (775) 623-6319  
**Fax Number** (775) 623-6321  
**E-Mail** [winnemucca@winnemuccacity.org](mailto:winnemucca@winnemuccacity.org)

January 12, 2009

Mr. Russell Guindon  
Senior Deputy Fiscal Analyst  
Legislative Counsel Bureau  
Fiscal Analysis Division  
401 S. Carson Street  
Carson City, NV. 89701-4747

Re: Economic Development Tax Incentives

Dear Mr. Guindon:

The City has received your letter dated January 5, 2009 requesting information about the use of economic development tax incentives in our city and this letter shall serve as our response. We have not created any Tourism Improvement Districts, Tax Increment Areas or Redevelopment Areas in or near our City.

We have utilized tax incentives for only two developments during the past ten years: 1) Carry-On Trailers (located at our airport industrial park) and 2) Blue Mountain Geothermal (located about ten miles west of Winnemucca). I am attaching the specific financial information on these two projects per your request.

In addition, the Valmy Power Plant project (built in 1980?) and the Diamond Plastics Plant (built in 1990?) may have taken advantage of tax incentives, but it is difficult for us to provide information about these projects due to the amount of time that has passed.

Please keep in mind that all four of these projects are located outside of the City limits but are located in Humboldt County.

Sincerely,



Stephen West  
City Manager/Engineer

Xc/ Mayor Putnam  
Bill Sims

Approved  
by NCEED  
June 08

**NGP BLUE Mountain 1 LLC - New - Humboldt County**

**Current Address**

Andrew Studley, Chief Financial Officer  
 Suite 900-409 Granville Street  
 Vancouver, BC V6C 1T2  
 Phone: 604 688-1553  
 FAX: 604-688-5926  
 email: [astudley@nevadageothermal.com](mailto:astudley@nevadageothermal.com)

**Proposed Address**

Andrew Studley, Chief Financial Officer  
 657 Anderson St  
 Winemucca, NV 89445  
 Phone: 775-625-4515  
 Fax:  
 email: [astudley@nevadageothermal.com](mailto:astudley@nevadageothermal.com)

**Incentives:**

|                               |  |                      |
|-------------------------------|--|----------------------|
|                               | <b>Sales &amp; Use Tax Abatement</b>           | <b>\$3,116,019</b>   |
| Value of equipment purchased: | \$69,244,869 0.0450                            |                      |
|                               | <b>Sales &amp; Use Tax Deferral</b>            | <b>\$1,384,897</b>   |
| Value of equipment purchased: | \$69,244,869 0.02                              |                      |
|                               | <b>Modified Business Tax Abatement</b>         | <b>50% for 4 yrs</b> |
|                               | # of Employees: 21                             | <b>\$16,176</b>      |
|                               | <b>Train Employees Now</b>                     | <b>Did not Apply</b> |
| No. of Trainees:              | Co. Match:                                     |                      |
| Admin Fee:                    | <b>Total (S&amp;U and MBT abatements only)</b> | <b>\$3,132,195</b>   |

**Qualified as:**

Qualified as a geothermal renewable energy producer.

**Qualifications:**

|                          | <u>Statutory</u> | <u>Company's Application</u> |
|--------------------------|------------------|------------------------------|
| New Primary Jobs         | 15               | 21                           |
| Average Wage of New Jobs | \$18.72          | \$31.82                      |
| Capital Investment       | \$250,000        | \$69,244,869                 |

**Insurance:**

Health and dental. Full coverage for employees and employee families

Company Representative:

Andred Studley, CFO

Development Authority Rep.  
date

Bill Sims, Humboldt Dev. Auth

**ALL IMPACTS AND REVENUES ARE ESTIMATED PRESUMING THE COMPANY RECEIVES ALL INCENTIVES REQUESTED**

Estimate of Impacts for **NGP Blue Mountain 1, LLC - Humboldt** County, Year 1

Sales & Use Tax Abatement     \$ 3,116,019  
 Payroll (MB) Tax Abatement     \$ 4,044

June 24, 2008

New Primary Jobs:                     21  
 Current state-wide average wage:     \$18.72  
 Average wage of NEW jobs:             \$31.82

|   | Payroll            | LOCAL             |                       |                 |                  | STATE             |                       |                    |                |                    |
|---|--------------------|-------------------|-----------------------|-----------------|------------------|-------------------|-----------------------|--------------------|----------------|--------------------|
|   |                    | Real Property Tax | Personal Property Tax | Sales Tax       | Total            | Real Property Tax | Personal Property Tax | Sales Tax          | Payroll Tax    | Total              |
| Direct New Revenues   | \$1,323,712        | \$5,552           | \$514,009             | \$19,297        | \$538,858        | \$442             | \$40,903              | \$1,383,022        | \$4,044        | \$1,428,411        |
| <b>Total New Revenues</b>   | <b>\$2,058,032</b> | <b>\$56,017</b>   | <b>\$519,055</b>      | <b>\$71,224</b> | <b>\$646,296</b> | <b>\$3,454</b>    | <b>\$41,204</b>       | <b>\$1,405,687</b> | <b>\$6,287</b> | <b>\$1,456,632</b> |
| <b>TOTAL ECONOMIC IMPACT OF NEW PROJECT IN FIRST YEAR OF OPERATION:</b> |                    |                   |                       |                 |                  |                   |                       | <b>\$9,096,365</b> |                |                    |

**Time-Line Analysis:**

**Local**

Sales and Use Tax Abatement; Direct     11.3 years  
 Total     8.7 years

**Economic Impact**

**Ratio:**

Economic impact \$ per Abatement \$ :  
 \$ 2.92

**New Payroll Impact:**

**Abatement \$ per Job Ratios:**

Sales and Use Tax Abatement                     \$72,875  
 Total Abatements per Total Jobs             \$192,640

**Annual Payroll \$ per Abatement \$ Ratios:**

Sales and Use Tax Abatement                     \$0.42  
 Total Payroll \$ per Total Abatement \$         \$0.42

Approved  
By NCEO  
3/15/06

## Carry-On Trailer - New - Humboldt County

**Current Address**  
 Rob McDevitt, Corporate HR Director  
 101 Joe Harvey Street  
 Lavonia, GA 30553  
 Phone: 706-356-5379 x 360  
 Fax: 706-356-1391  
 email: rob.mcdevitt@carry-ontrailer.com

**Proposed Address**  
 Rob McDevitt, Corporate HR Director  
 Winnemucca Airport Industrial Park  
 Winnemucca, NV  
 Phone:  
 Fax:  
 email: rob.mcdevitt@carry-ontrailer.com

**Incentives:**

|                               |  |                               |
|-------------------------------|--|-------------------------------|
|                               | <b>Sales &amp; Use Tax Abatement</b>   | <b>\$42,892</b>               |
| Value of equipment purchased: | \$953,153    0.0450 - Local            |                               |
|                               | <b>Sales &amp; Use Tax Deferral</b>    | <b>\$19,063</b> 5 years -     |
| Value of equipment purchased: | \$953,153    0.02 - State -            |                               |
|                               | <b>Modified Business Tax Abatement</b> | <b>\$43,692</b> ? 4 years 50% |
|                               | 100 Employees                          |                               |
|                               | <b>Personal Property Tax Abatement</b> | <b>\$3,119</b> 50% / 10 yrs   |
|                               | <b>Train Employees Now</b>             | <b>Apply Later</b>            |
| No. of Trainees:              | Co. Match:                             |                               |
| Admin Fee:                    | TOTAL:                                 | <b>\$105,647</b>              |

**Qualified as:** Branch manufacturing plant for supplier of utility trailers and enclosed cargo trailers to big box retailer chains

**Qualifications:**

|                          | <u>Statutory</u> | <u>Company's Application</u> |
|--------------------------|------------------|------------------------------|
| New Primary Jobs         | 15               | 100                          |
| Average Wage of New Jobs | \$17.71          | \$17.74                      |
| Capital Investment       | \$500,000        | \$3,503,153                  |

**Insurance:** Major medical, paid vacation, paid holidays

Company Representative: Rob McDevitt, Corporate HR Director

Development Authority Rep. Bill Sims, HD Coordinator  
 2/22/2006

221 305  
 model number



**Personal Property Tax Calculation Estimate for Carry-On Trailer,  
Humboldt County, Winnemucca, Nevada**

March 15, 2006

"Fifteen Year Life Schedule" per State of Nevada Department of Taxation Personal Property Manual

|              | <u>Equipment Acquisition Cost</u><br><i>(trended up)</i> | <u>Cost Index</u> | <u>Replacement Cost</u> | <u>"Percent Good" Rate</u> | <u>Depreciated Value</u> | <u>Assessed Value</u> | <u>Tax Rate</u> | <u>Tax Due</u>   | <u>50% Abatement</u> |
|--------------|--|-------------------|-------------------------|----------------------------|--------------------------|-----------------------|-----------------|------------------|----------------------|
| Year 1       | \$ 953,153   | 1.00              | 953,153                 | 1.00                       | \$ 953,153               | \$ 333,604            | 0.030135        | \$ 10,053        | \$ 5,027             |
| Year 2       | \$ 953,153   | 1.00              | 953,153                 | 0.87                       | \$ 829,243               | \$ 290,235            | 0.030135        | \$ 8,746         | \$ 4,373             |
| Year 3       | \$ 953,153   | 1.00              | 953,153                 | 0.75                       | \$ 714,865               | \$ 250,203            | 0.030135        | \$ 7,540         | \$ 3,770             |
| Year 4       | \$ 953,153   | 1.01              | 962,685                 | 0.65                       | \$ 625,745               | \$ 219,011            | 0.030135        | \$ 6,600         | \$ 3,300             |
| Year 5       | \$ 962,685   | 1.03              | 991,565                 | 0.56                       | \$ 555,276               | \$ 194,347            | 0.030135        | \$ 5,857         | \$ 2,928             |
| Year 6       | \$ 991,565   | 1.05              | 1,041,143               | 0.49                       | \$ 510,160               | \$ 178,556            | 0.030135        | \$ 5,381         | \$ 2,690             |
| Year 7       | \$ 1,041,143   | 1.06              | 1,103,612               | 0.42                       | \$ 463,517               | \$ 162,231            | 0.030135        | \$ 4,889         | \$ 2,444             |
| Year 8       | \$ 1,103,612   | 1.07              | 1,180,865               | 0.37                       | \$ 436,920               | \$ 152,922            | 0.030135        | \$ 4,608         | \$ 2,304             |
| Year 9       | \$ 1,180,865   | 1.09              | 1,287,143               | 0.32                       | \$ 411,886               | \$ 144,160            | 0.030135        | \$ 4,344         | \$ 2,172             |
| Year 10      | \$ 1,287,143   | 1.11              | 1,428,728               | 0.28                       | \$ 400,044               | \$ 140,015            | 0.030135        | \$ 4,219         | \$ 2,110             |
| <b>TOTAL</b> |  |                   |                         |                            |                          |                       |                 | <b>\$ 62,237</b> | <b>\$ 31,119</b>     |

Who Gets What:

- Hosp
- School District
- County
- City
- State

29.37%  
24.93%  
45.70%  
5.64%

Entity Tax Rate

0.8850 ✓  
0.7512 ✓  
~~1.3772~~  
0.1700

0.1047

0.021482  
0.021482

| <u>County Dollars</u> | <u>School Dollars</u> | <u>City Dollars</u> | <u>45% Abatement</u> | <u>40% Abatement</u> | <u>35% Abatement</u> | <u>30% Abatement</u> | <u>25% Abatement</u> |                  |
|-----------------------|-----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------|
| Year 1                | \$ 1,253              | \$ 1,476            | \$ 2,297             | \$ 4,524             | \$ 4,021             | \$ 3,519             | \$ 3,016             | \$ 2,513         |
| Year 2                | \$ 1,090              | \$ 1,284            | \$ 1,999             | \$ 3,936             | \$ 3,498             | \$ 3,061             | \$ 2,624             | \$ 2,187         |
| Year 3                | \$ 940                | \$ 1,107            | \$ 1,723             | \$ 3,393             | \$ 3,016             | \$ 2,639             | \$ 2,262             | \$ 1,885         |
| Year 4                | \$ 823                | \$ 969              | \$ 1,508             | \$ 2,970             | \$ 2,640             | \$ 2,310             | \$ 1,980             | \$ 1,650         |
| Year 5                | \$ 730                | \$ 860              | \$ 1,338             | \$ 2,635             | \$ 2,343             | \$ 2,050             | \$ 1,757             | \$ 1,464         |
| Year 6                | \$ 671                | \$ 790              | \$ 1,230             | \$ 2,421             | \$ 2,152             | \$ 1,883             | \$ 1,614             | \$ 1,345         |
| Year 7                | \$ 609                | \$ 718              | \$ 1,117             | \$ 2,200             | \$ 1,956             | \$ 1,711             | \$ 1,467             | \$ 1,222         |
| Year 8                | \$ 574                | \$ 677              | \$ 1,053             | \$ 2,074             | \$ 1,843             | \$ 1,613             | \$ 1,382             | \$ 1,152         |
| Year 9                | \$ 541                | \$ 638              | \$ 993               | \$ 1,955             | \$ 1,738             | \$ 1,520             | \$ 1,303             | \$ 1,086         |
| Year 10               | \$ 526                | \$ 620              | \$ 964               | \$ 1,899             | \$ 1,688             | \$ 1,477             | \$ 1,266             | \$ 1,055         |
| <b>TOTAL</b>          | <b>\$7,757</b>        | <b>\$9,139</b>      | <b>\$14,223</b>      | <b>\$ 28,007</b>     | <b>\$ 24,895</b>     | <b>\$ 21,783</b>     | <b>\$ 18,671</b>     | <b>\$ 15,559</b> |

Due to the nature of specific equipment, separate depreciation schedules of such equipment, and the possible differences in valuation practices, these values are estimates only and should only be considered as a guideline for comparison purposes. The methodologies employed here are the same as those used in Nevada assessment law. We believe the ratios used are accurate and represent a fair picture of what the actual net abatement will be eventually. No consideration for inflation, cost of funds, or future value of funds has been taken into consideration.