
Assembly Committee on Taxation

This measure may be considered for action during today's work session.

May 14, 2015

SENATE BILL 74 (1ST REPRINT)

Revises provisions governing the abatement of certain taxes for economic development purposes. (BDR 32-293)

**Sponsored by: Senate Committee on Revenue and Economic Development
(on behalf of the Governor's Office of Economic
Development)**

Date Heard: May 5, 2015

**Fiscal Impact: Effect on Local Government: No.
Effect on the State: Yes.**

Summary

Senate Bill 74 (1st Reprint) makes various changes to the eligibility requirements and the administration of the economic development abatements administered by the Office of Economic Development. Specifically, the bill:

- 1) Requires an applicant to offer primary jobs to be eligible for the partial abatement;
- 2) Requires an estimate of the total number of new employees the applicant anticipates hiring by the eighth calendar quarter following the effective date of the abatement;
- 3) Requires the agreement between the Office and the applicant to state the effective date of the abatement, as agreed to by the Office and the applicant, and to state that the applicant will offer primary jobs;
- 4) Requires certain employment requirements to be met by the eighth calendar quarter, rather than the fourth calendar quarter, following the effective date of the abatement;
- 5) Provides that only wages paid to new employees in this State are considered when determining whether an applicant satisfies the average hourly wage requirement;
- 6) Limits the amount of the partial abatements that may be granted if the business pays less than the average statewide hourly wage, and is located in a county with greater than 6 percent unemployment, as follows:
 - a. If the average hourly wage that will be paid by the new or expanding business is less than 65 percent of the average statewide hourly wage, the Office is prohibited from approving an application for a partial abatement.
 - b. If the average hourly wage that will be paid by the new or expanding business is less than 80 percent of the average statewide hourly wage, the amount of the partial abatement is limited to 25 percent of the personal property tax abatement and 25 percent of the modified business tax abatement; and
- 7) Limits the amount of the partial abatements that may be granted if the business pays less than the average statewide hourly wage, and is located in a county with less than 6 percent unemployment, as follows:

- a. If the average hourly wage that will be paid by the new or expanding business is less than 80 percent of the average statewide wage, the Office is prohibited from approving an application for a partial abatement.
- b. If the average hourly wage that will be paid by the new or expanding business is less than 100 percent of the average statewide or countywide wage, whichever is less, the amount of the partial abatement is limited to 25 percent of the personal property tax abatement, 25 percent of the modified business tax abatement, and the amount of the sales and use taxes equal to all taxes paid except for the State 2 percent rate and the Local School Support Tax.

Testimony

Steve Hill, Executive Director, Governor's Office of Economic Development, provided introductory remarks and testified in support of Senate Bill 74.

Testimony neutral to Senate Bill 74 was provided by Ray Bacon, Executive Director, Nevada Manufacturers Association.

No testimony was provided in opposition to the bill.

Amendments

No amendments were proposed to the bill.