

LCB File No. R015-00

PROPOSED REGULATION OF THE COMMISSION ON ECONOMIC DEVELOPMENT

Deletions are in ~~⌂~~
New Language in Bold Italics

PARTIAL ABATEMENT FOR NEW OR EXPANDED BUSINESS

NAC 361.090 Definitions. (NRS 361.0687) As used in NAC 361.090 to 361.099, inclusive, unless the context otherwise requires, "commission" means the commission on economic development.

(Added to NAC by Comm'n on Econ. Development by R108-97, eff. 1-30-98)

NAC 361.093 Application for partial abatement: Form required; consideration by commission. (NRS 361.0687)

1. A person seeking a partial abatement from property taxes on the personal property of a new or expanded business pursuant to NRS 361.0687 must apply for the abatement on the form prescribed by the commission not more than 1 year before the business begins to develop the site for its expansion or operation in this state.

2. The commission will deny or approve each application for a partial abatement at the first regularly scheduled meeting following receipt of the application if the application is received at least 15 working days before the meeting. An application that is received within that time will be considered at the next regularly scheduled meeting of the commission following the one before which it was received.

(Added to NAC Comm'n on Econ. Development by R108-97, eff. 1-30-98)

NAC 361.096 Requirements for approval of application. (NRS 361.0687) The commission will approve an application for a partial abatement if:

~~1. The goals of the business are consistent with the goals of the commission concerning industrial development and diversification;~~

~~2. The average hourly wage paid by the business to its employees in this state is at least 125 percent of the average statewide industrial hourly wage as established by the employment security division of the department of employment, training and rehabilitation on July 1 of each fiscal year;~~

~~3. The business provides a health insurance plan for all employees that includes, without limitation, an option for health insurance coverage for dependents of employees;~~

~~4. The business is registered pursuant to the laws of this state or the applicant commits to obtain a valid business license and any other permit required by the county, city or town in which the business operates;~~

~~5. The cost to the business for the benefits the business provides to its employees in this state will meet the minimum requirements for benefits established by the commission;~~

~~6. For a business that is new and primarily will be located in a county whose population:~~

~~(a) Is 100,000 or more, the capital investment in personal property in this state is at least \$50,000,000 and the business will create at least 100 new, permanent jobs in this state by the last day of the fourth quarter that it is in operation; or~~

~~(b) Is less than 100,000, the capital investment in personal property in this state is at least \$20,000,000 and the business will create at least 35 new, permanent jobs in this state by the last day of the fourth quarter that it is in operation;~~

~~7. For an expansion of a business that primarily will be located in a county whose population:~~

~~(a) Is 100,000 or more, the capital investment in personal property in this state for the expansion is at least \$10,000,000, the business has at least 100 employees in this state at the time of application and the expansion creates at least 20 new, permanent jobs in this state by the last day of the fourth quarter that it is in operation; or~~

~~(b) Is less than 100,000, the capital investment in personal property in this state for the expansion is at least \$4,000,000, the business has at least 35 employees in this state at the time of application and the expansion creates at least 10 new, permanent jobs in this state by the last day of the fourth quarter that it is in operation;~~

~~8. For a business located in a county:~~

~~(a) Whose population is 100,000 or more, the business has obtained a written statement from the governing body of the city in which the business is located, or if the business is not located in a city, from the governing body of the county where the personal property is located, which states that the governing body approves of the partial abatement; or~~

~~(b) Whose population is less than 100,000, the business has obtained the written statement described in paragraph (a) and a written statement from the board of trustees of the school district in which the personal property is located which states that the board of trustees approves of the partial abatement; and~~

~~9. The business has executed an agreement with the commission that grants the commission the right to review any document which the commission determines is necessary to verify the eligibility of the business for the partial abatement.]~~

A. Objectives. The company is consistent the Commission on Economic Development's State Plan for Industrial Development and Diversification. The overall objectives of the State Plan for Economic Diversification and Development include:

- 1. Diversification from the gaming and hospitality industry;***
- 2. Attraction of basic industries such as manufacturing, warehousing and distribution, and back-office operations;***
- 3. Attraction of business facilities and services such as corporate headquarters, research and development operations, and producer services; and***
- 4. Expansion of existing basic businesses and industries as described above.***

B. The Commission determines the abatement is a significant factor in the decision of the person to locate or expand a business in this state.

C. The company will provide a medical insurance plan for all employees including an option for dependent health insurance coverage.

D. The business is registered pursuant to the laws of this state or the applicant commits to obtain all licenses and permits required by this state and the county, city or town in which the business operates.

The applicant commits to maintaining the business in this state for 10 years. This 10-year period begins when the applicant begins paying taxes to the Department of Taxation.

The applicant must meet two of the three following criteria:

1. Wage Requirement. The company's average hourly wage at the Nevada facility equals or exceeds 100% of the average hourly wage established by the Nevada Department of Employment, Training, and Rehabilitation.

Number of Jobs Required. For counties/cities with a population of more than 50,000 a minimum of 75 full-time permanent jobs in Nevada by the fourth quarter of operation and continues to employ at least the minimum. For counties/cities with a population of less than 50,000 a minimum of 25 full-time permanent jobs in Nevada by the fourth quarter of operation and continues to employ at least the minimum. For an expansion, the company must increase the number of employees on the payroll by 10% or six employees, whichever is greater. Abatement is void if business fails to comply. Short-term vacancies in employment do not void the abatement if the business is attempting in good faith to fill vacancies and does so within a period of time considered reasonable by the Commission.

2. Capital Investment Requirement. For counties/cities with a population of more than 50,000, a capital investment of \$50million is required. Technology-oriented businesses require \$5million in capital investment. For counties/cities with a population of less than 50,000, a capital investment of \$5million is required. Technology-oriented businesses require \$500,000 in capital investment. In cases of expansion, the capital investment must equal at least 20% of the value of tangible property possessed by the business.

Of the above three criteria, wage requirement is the factor the Commission will consistently enforce, only under special circumstances will there be exceptions.

If a business is not maintained in this state for 10 years after tax abatement approval, the company will repay to the Department of Taxation the amount of the abatement allowed before the failure to comply. Interest will be repaid on the amount due at the rate most recently established pursuant to NRS 99.040, or portion thereof, from the last day of the month following the period payment would have been made had the abatement not been granted, until the date of the actual tax payment. The Nevada Department of Taxation can determine the business has substantially complied with the requirements.

As a condition of approval, applicant agrees in writing to supply upon request copies of all necessary records for the Commission's director to verify the applicant meets all requirements.

The Commission on Economic Development reserves the right to grant or deny certification on a case-by-case basis.

A letter in support of the tax abatement from the local development authority is required.

The applicant will register with the Department of Taxation on a separate form if an account has not been established.

Upon certification, the Commission will immediately forward the application for abatement to the Nevada Department of Taxation – the administrator for tax abatements.

(Added to NAC by Comm'n on Econ. Development by R108-97, eff. 1-30-98)

NAC 361.099 Effective date of partial abatement; commission to forward certificate of eligibility. (NRS 361.0687)

1. If the commission grants a partial abatement to a business pursuant to NAC 361.096:

(a) Between July 1 and December 31, the partial abatement applies retroactively from that July 1 if the governing body of the local government whose tax revenue will be affected by the exemption provides written authorization, and if no such authorization is provided, the exemption applies from the date agreed upon by the applicant and the governing body that is noted in the authorization; and

(b) Between January 1 and June 30, the exemption must be applied beginning on the following July 1, unless the applicant and the governing body of the local government whose tax revenue will be affected by the exemption agree upon another date and the governing body provides written authorization.

2. If the commission grants a partial abatement pursuant to NAC 361.096, the commission shall immediately forward a certificate of eligibility for the partial abatement that states the percentage of the property that is exempt to:

(a) The department of taxation; and

(b) The county assessor of each county in which personal property used in connection with the business will be located.

(Added to NAC by Comm'n on Econ. Development by R108-97, eff. 1-30-98)

ASSESSMENTS