

LCB File No. R016-00

PROPOSED REGULATION OF THE COMMISSION ON ECONOMIC DEVELOPMENT

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

CHAPTER 364A – BUSINESS TAX

NAC 364A.147 Exemption for proposed business: Application for exemption pursuant to NRS 364A.170.

1. A proposed business seeking the exemption described in subsection 1 of NRS 364A.170 must apply for the exemption on the form prescribed by the commission on economic development.
2. The commission on economic development will deny or approve and certify each application for an exemption at the first regularly scheduled meeting following receipt of the application if the application is received at least [10] **15** working days before the meeting. An application that is received within the [10] **15** working days before a meeting will be considered at the next regularly scheduled meeting of the commission following the one before which it was received. (Added to NAC by Comm'n on Econ. Development, eff. 1-24-92; A 5-17-94)

NAC 364A.148 Exemption for proposed business: Interpretation of "proposed business" by commission on economic development; application of exemption granted pursuant to NRS 364A.170 to existing business.

~~[1. As used in NRS 364A.170 and chapter 364A of NAC, the commission on economic development will interpret the term "proposed business" to include:~~

~~(a) In a county whose population is 35,000 or more, the expansion of an existing business if the expansion will result in:~~

~~(1) The addition of at least 75 full-time employees to the payroll of the business in addition to the highest number of employees of the business in the past 3 years by the fourth quarter that the expansion is in operation; and~~

~~(2) A new capital investment in Nevada of at least \$1,000,000.~~

~~(b) In a county whose population is less than 35,000, the expansion of an existing business if the expansion will result in:~~

~~(1) The addition of at least 25 full-time employees to the payroll of the business in addition to the highest number of employees of the business in the past 3 years by the fourth quarter that the expansion is in operation; and~~

~~(2) A new capital investment in Nevada of at least \$250,000.~~

~~2. An exemption granted pursuant to NRS 364A.170 to an existing business for an expansion applies only to the additional employees resulting from the expansion. The tax due pursuant to chapter 364A of NRS on the basis of the existing employees must be calculated in the same manner and paid at the same times as before the expansion existed until the exemption expires or is otherwise terminated.]~~

[(Added to NAC by Comm'n on Econ. Development, eff. 1-24-92; A 5-17-94)]

NAC 364A.149 Exemption for proposed business: Consistency with plan for economic diversification and development of commission on economic development as qualification for exemption granted pursuant to NRS 364A.170.

1. To demonstrate consistency with the plan for economic diversification and development of the commission on economic development, as required by paragraph (b) of subsection 3 of NRS 364A.170, a proposed business must:

- (a) Comply with state and local laws and obtain all required state and local licenses and permits required to operate the business;
- (b) Provide a minimum hourly wage for entry level employees of at least 70 percent of the average statewide hourly wage; and
- (c) Provide a medical insurance plan for all employees which includes an option for health insurance coverage for the dependents of employees.

2. The following business sectors are inconsistent with the plan for economic diversification and development and therefore a proposed business which is a part of one of these sectors will not be certified by the commission as eligible for the exemption:

- (a) Tourism and travel.
- (b) Gaming.
- (c) Lodging.

(Added to NAC by Comm'n on Econ. Development, eff. 1-24-92)]

A. Objectives. The business is consistent with 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 of 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 businesses and industries as described above.*

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

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

The applicant must meet two of the three following criteria:

- 1. Number of Jobs Required. Counties/cities with a population of more than 50,000 requires a minimum of 75 full-time permanent jobs in Nevada by the fourth quarter of operation and continue to employ at least the minimum. Counties/cities with a population of less than 50,000 requires a minimum of 25 full-time permanent jobs in Nevada by the fourth quarter of operation and continue to employ at least the minimum. For and expansion, the company must increase the number of employees on the payroll by 10% or six employees, whichever is greater. 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. Wage Requirement. The company's average hourly wage for employees at the Nevada facility will equal or exceed the average statewide hourly wage established by the Nevada Department of Employment, Training and Rehabilitation.*
- 3. Capital Investment. Counties/cities with a population of more than 50,000 requires a minimum capital investment of \$1 million in Nevada. Counties/cities with a population of less than 50,000 requires a minimum capital investment of \$250,000 in Nevada. In cases of expansion, the capital investment must equal at least 20% of the value of tangible property possessed by the business.*

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

Applicant should allow a minimum of 15 working days prior to the next regularly scheduled Commission meeting for application processing. Those requiring special review and consideration may be granted a longer period of time to complete the certification process.

Company must obtain all required state, county, and city licenses.

Immediately after certification of eligibility is given, the Commission will forward the certification to the Department of Taxation – administrator of the business tax abatement program.

A company certified for business tax abatement is entitled to an exemption of: 80% for year one; 60% for year two; 40% for year three; and 20% for year four.

If a business is not maintained in this state for five 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.