

**ADOPTED REGULATION OF THE
COMMISSION ON ECONOMIC DEVELOPMENT**

LCB File No. R220-05

Effective September 18, 2006

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1-9, NRS 361.0775.

A REGULATION relating to real property taxes; providing for the partial abatement of real property taxes on property with buildings or other structures that meet or exceed certain standards of the Leadership in Energy and Environmental Design Green Building Rating System; and providing other matters properly relating thereto.

Section 1. Chapter 361 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 8, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3, 4 and 5 of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Commission” means the Commission on Economic Development.*

Sec. 4. *“LEED” means Leadership in Energy and Environmental Design.*

Sec. 5. 1. *“LEED Green Building Rating System” means those portions of the Leadership in Energy and Environmental Design Green Building Rating System developed by the U. S. Green Building Council that are adopted by the Director of the Office of Energy or otherwise deemed to be appropriate for use in this State pursuant to NRS 701.217 and the regulations adopted pursuant thereto.*

2. A copy of the LEED Green Building Rating System may be obtained at no cost from the U. S. Green Building Council, 1015 18th Street, N.W., Suite 508, Washington, D.C. 20036, or on the Internet at <http://www.usgbc.org/>.

Sec. 6. *1. A person may apply to the Commission for a partial abatement of the taxes on real property payable each year pursuant to chapter 361 of NRS for property which has a building or other structure that:*

(a) Is not a public building or structure; and

(b) Is not a single-family house, multifamily structure with three stories or fewer above grade, or a mobile or manufactured home.

2. The application must be made on a form prescribed by the Executive Director of the Commission.

3. The application:

(a) Must include a letter of verification from the Director of the Office of Energy which states that the real property for which the abatement is sought has a building or other structure that meets or exceeds the certification requirements for the abatement as set forth in NRS 361.0775 and section 8 of this regulation and which sets forth the number of LEED points earned;

(b) Must specify the desired term and amount of the abatement in accordance with the table set forth in section 8 of this regulation; and

(c) If the real property for which the abatement is sought is located in a redevelopment area created pursuant to chapter 279 of NRS, must include proof that the application has been submitted to the redevelopment agency or legislative body with jurisdiction over the redevelopment area.

Sec. 7. 1. *The Commission will consider an application for the partial abatement of property taxes:*

(a) At the next regularly scheduled meeting of the Commission following receipt of the application if the application is received by the Commission at least 15 working days before the meeting; or

(b) At the next regularly scheduled meeting of the Commission following the meeting described in paragraph (a) in all other cases.

2. *The Commission will, not less than 10 working days before a meeting at which it will consider an application for the partial abatement of property taxes, provide written notice of the date, time and location of the meeting to each local government and redevelopment agency within whose jurisdiction the real property that is the subject of the application is located.*

Sec. 8. 1. *Except as otherwise provided in subsection 2, if the Commission determines that the application satisfies all requirements of sections 2 to 8, inclusive, of this regulation, the Commission will grant a partial abatement of the taxes on real property payable each year pursuant to chapter 361 of NRS in accordance with the following table:*

<i>LEED Level</i>	<i>LEED-NC Points</i>	<i>LEED-EB Points</i>	<i>Term of Abatement</i>	<i>Amount of Abatement</i>
<i>Silver</i>	<i>33 to 36</i>	<i>40 to 45</i>	<i>10 years</i>	<i>35 to 42 percent</i>
			<i>5 to 7 years</i>	<i>50 percent</i>
	<i>37 or 38</i>	<i>46 or 47</i>	<i>10 years</i>	<i>43 to 48 percent</i>
			<i>8 or 9 years</i>	<i>50 percent</i>
<i>Gold</i>	<i>39 or more</i>	<i>48 or more</i>	<i>10 years</i>	<i>49 or 50 percent</i>

2. The Commission will reduce the partial abatement of real property taxes authorized by subsection 1 to the extent necessary to ensure that:

(a) If the real property for which the partial abatement is sought is located in a redevelopment area created pursuant to chapter 279 of NRS, the partial abatement authorized by subsection 1 together with any partial abatement of taxes to which the owner of the property is entitled pursuant to NRS 361.4722, 361.4723 or 361.4724 does not exceed 82 percent of the assessed value of the property; and

(b) The partial abatement authorized by subsection 1 does not result in the inability of a local government to pay debt service on any obligation or of a redevelopment agency created pursuant to chapter 279 of NRS to pay any outstanding indebtedness.

3. *If the Commission grants a partial abatement of real property taxes, the abatement applies beginning July 1 of the next following fiscal year, unless the applicant and the governing body of the local government whose tax revenue will be affected by the abatement agree upon a different date and the governing body provides written authorization for the different date.*

4. *Upon granting a partial abatement of real property taxes, the Commission will issue a certificate of eligibility for the abatement that sets forth all parcel numbers of the affected property and the percentage of the taxes on real property payable each year pursuant to chapter 361 of NRS and duration for which the abatement is granted.*

5. *As used in this section, unless the context otherwise requires:*

(a) *“LEED-EB” means the LEED Green Building Rating System for Existing Buildings, Upgrades, Operations and Maintenance; and*

(b) *“LEED-NC” means the LEED Green Building Rating System for New Construction & Major Renovations.*

Sec. 9. NAC 361.004 is hereby amended to read as follows:

361.004 ~~{As}~~ *Except as otherwise provided in sections 2 to 8, inclusive, of this regulation, as* used in this chapter, unless the context otherwise requires:

1. “Commission” means the Nevada Tax Commission.
2. “Department” means the Department of Taxation.
3. “Executive Director” means the Executive Director of the Department of Taxation.
4. “Fiscal year” means that period of time from July 1 of one year to and including June 30 of the following year.

NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. 220-05

The Commission on Economic Development adopted regulations assigned LCB File No. R220-05 which pertain to chapter 361 of the Nevada Administrative Code on August 16, 2006.

Notice date: July 11, 2006

Date of adoption by agency: August 16, 2006

Hearing date: August 16, 2006

Filing date: September 18, 2006

INFORMATIONAL STATEMENT

1. A description of how public comment was solicited, a summary of public response, and explanation how other interested persons may obtain a copy of the summary.

A Notice of Public Hearing was posted June 26, 2006. Public comment was solicited on July 11, 2006 and August 3, 2006 at meetings of the Nevada Commission on Economic Development. Discussion was held, and clarification was made to the regulations. A Notice of Intent was posted July 26, 2006 and public comment was heard. The regulations were adopted as amended. A copy of the minutes is available through the Nevada Commission on Economic Development, 108 East Proctor Street, Carson City, Nevada 89701. Nevada Administrative Rulemaking procedures were followed.

2. The number of persons who: (a) attended each hearing; (b) testified at each hearing; and (c) submitted to the agency written statement.

At the July 25th public workshop the following attended: NCED Staff Members--Tim Rubald, Executive Director; Jerry Sandstrom, Deputy Director; Berlyn Miller, Vice Chairman; Kristen Anderson; Kimberly Elliott. Guests Present: Garry Bowen, AIA – SDAT Project; Jon Wellinghoff, Beckley Singleton; Carl Linvill, Nevada State Office of Energy; Suzanne Sanders, Molasky Group; Terry Graves, ACC; Wally Reersan, City of North Las Vegas; Robert Tretiak, International Energy Conserv; Les LaBaugh, Christensen; Katarina Tesdroval, MGM Mirage; Lance Kirk, Lucchesi Galati; Senator Townsend; Lance W. Johnson, RRJD; Pamela Vickin, USGBC, Greenview; Larry Binder, City of North Las Vegas.

At the August 3rd public workshop the following attended: NCED Staff Members--Tim Rubald, Executive Director; Jerry Sandstrom, Deputy Director; Kristen Anderson. Guests Present: Garry Bowen, Markettexture/AIA-NN; Scott Carter, City of Las Vegas; Lesa Coder, Clark County; Rosemary D'Amato, Lucchesi Galati; Jason Geddes, EDawn/RETF; Terry Graves, ACC; Les LoBaugh, GM/MGM; Mike Hambager, E&Y; Katherine Hammack, E&Y; Jeneane Harter; Lance Kirk, Lucchesi Galati; Carl Linvill, Nevada State Office of Energy; Mike Mathis, Echelon; Michael Navarro, RRJD; Cindy Ortega, MGM/Mirage; Robert Riffel, Marnell Corrao Associates; Steve Rypka, Green Dream Enterprises/USGBC; Suzanne Sanders, Molasky; Steve Shiffrin E&Y; Yvette Tahmassian, Ernst & Young; Katarina Tesdard, MGM/Mirage; Senator Randolph Townsend, Nevada

State Senate; Robert Tretiak, Intl. Energy Conservation; Pamela Vilkin, Greenview & USGBC-LVR Chapter.

At the August 16th adoption hearing the following attended—Lt. Governor Lorraine Hunt; NCED Commissioner Berlyn Miller; NCED Commissioner SaraBeth Brown; NCED Commissioner Phil Peckman; NCED Executive Director, Tim Rubald; NCED Deputy Director, Jerry Sandstrom; Joe Reel, and Menyone Thomas.

3. A description of how comment was solicited from affected businesses, a summary of their response and an explanation how other interested persons may obtain a copy of the summary.

Public comment was solicited at three workshops and the hearing to adopt regulations. Comments are reflected in the minutes from each of the meetings. Copies of the minutes may be obtained from the Nevada Commission on Economic Development, 108 East Proctor Street, Carson City, Nevada 89701.

4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The regulations were adopted as amended. The change reflects a clarification of the tax abatement levels.

5. The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:

- (a) Both adverse and beneficial effects;**
- (b) Both immediate and long-term effects;**

Businesses with buildings may apply for LEED certification from the Nevada State Office of Energy. Based on certification scores, businesses can receive real property tax abatements of up to 50 percent for up to 10 years. This is an incentive to foster more environmentally sound building practices, and ultimately conserve energy.

Adversely, the counties in which the LEED certified buildings/property are located will see a loss in real property tax revenue from the projects—up to 50 percent for up to 10 years. This will create an impact on tax revenues collected by counties, and could negatively impact county tax-funded services such as schools, police protection, health and safety.

6. The estimated cost to the agency for enforcement of the adopted regulation.

None.

7. A description of any regulation of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the

duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

The adoption of these regulations does not overlap or duplicate any regulations of other state or local agencies, nor do they overlap or duplicate a federal regulation, nor are they required pursuant to federal law. The regulations are in conjunction with those of the Nevada State Office of Energy.

- 8. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.**

Not applicable.

- 9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The proposed adoption of these regulations does not establish a new fee or increase an existing fee.