

SUMMARY—Revises provisions relating to commerce. (BDR 32-8)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.

Effect on the State: Yes.

AN ACT relating to commerce; providing for the issuance of transferable tax credits and the partial abatement of certain taxes to a project that satisfies certain capital investment and other requirements; authorizing the governing body of a city or county to grant abatements of certain permitting and licensing fees imposed or charged by the city or county; authorizing the Office of Economic Development to approve an economic development financing proposal under certain circumstances; requiring the State Board of Finance to issue general obligation bonds of the State pursuant to an economic development financing agreement approved by the Office; establishing limitations on the amount of the general obligation bonds of the State that may be outstanding pursuant to an economic development financing agreement; revising provisions relating to the administration of certain tax increment areas, improvement districts and other special districts created by a local government pursuant to an economic development financing agreement; revising provisions governing the creation of districts for the promotion of economic development and the pledge of certain sales and use tax proceeds for those districts; providing for the expansion of infrastructure necessary to provide natural gas to the legal boundary of an economic diversification district;



authorizing the creation of an improvement district to acquire, operate and maintain an electrical project and a fire protection project in relation to a qualified project; authorizing a regional transportation commission in a county in which a qualified project is located to conduct a project to provide freight rail service and to exercise the power of eminent domain for such a project under certain circumstances; authorizing a municipality to designate a tax increment area for certain natural resources projects and rail projects conducted in relation to a qualified project; revising provisions governing the allocation of certain sales and use taxes and employer excise taxes for the payment of debt incurred by a municipality that has designated a tax increment area for the purpose of financing an undertaking; revising provisions governing the financing of certain undertakings in a tax increment area; revising provisions governing the issuance of state obligations for certain purposes related to natural resources; revising provisions governing applications for permits relating to water rights in areas in which a qualified project is located in certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Sections 2-18 of this bill authorize the Office of Economic Development to approve applications for partial abatements of certain taxes and the issuance of transferable tax credits submitted by the lead participant engaged in a qualified project with other participants for a common purpose or business endeavor and which is located within the geographic boundaries of



a single project site in this State. **Section 11** authorizes the lead participant in a project to, on behalf of the project, apply to the Office for these economic development incentives. **Section 12** requires the Office to approve such an application for a qualified project if, in addition to certain other requirements: (1) the project would promote the economic development of this State and aid the implementation of the State Plan for Economic Development; (2) the participants in the project agree collectively to make a total new capital investment in this State of at least \$1 billion during the 10-year period immediately following approval of the application; and (3) at least 50 percent of the employees engaged in the construction of the project and 50 percent of the employees employed at the project are residents of Nevada. **Section 12** further provides that any action by the Office concerning an application must be taken at a public meeting.

Upon approval of an application, **section 13** requires the Office to issue to the lead participant in the qualified project a certificate of eligibility for transferable tax credits. **Section 13** provides that a project is eligible for transferable tax credits in the amount of \$9,500 for each qualified employee employed by the participants in the project. **Section 13** also sets forth the criteria for determining whether an employee is a qualified employee. **Section 14** provides that: (1) the amount of transferable tax credits which may be approved in any fiscal year must not exceed \$7.6 million; and (2) the total amount of transferable tax credits which may be approved pursuant to this bill must not exceed \$38,000,000. **Section 14** also prohibits the Office from approving any applications for transferable tax credits for any fiscal year beginning on or after July 1, 2025.

Section 11 provides that the transferable tax credits may be applied to: (1) the excise tax on banks and payroll taxes imposed by chapters 363A and 363B of NRS; (2) the gaming license



fees imposed by the provisions of NRS 463.370; (3) the general tax on insurance premiums imposed by chapter 680B of NRS; or (4) any combination of such taxes and fees. Additionally, **section 11** requires that the lead participant in a qualified project annually provide the Office with an audit of the qualified project that is certified by an independent certified public accountant in this State who is approved by the Office.

If the Office approves an application, **section 15** of this bill provides that the lead participant in the qualified project is entitled to a partial abatement of property taxes and employer excise taxes for a period of not more than 10 years after the date on which the partial abatement becomes effective and in an amount equal to 75 percent of the property taxes and employer excise taxes that would otherwise be owed for the qualified project. Additionally, **section 15** provides that the lead participant is entitled to the partial abatement of certain local sales and use taxes for a period of not more than 15 years and in an amount equal to those local sales and use taxes that would otherwise be owed in the county in which the qualified project is located. Finally, **section 15** authorizes the Executive Director of the Office to require, as a condition of the partial abatement, that the lead participant pay all or a portion of the abated taxes into a trust fund in the State Treasury until part or all of the requirements for the partial abatement have been met. If the requirements for the partial abatement are met, the abated taxes paid into the trust fund, including the interest and income earned on that money, must be returned to the lead participant. If the requirements for the partial abatement are not met, the money in the escrow account must be transferred to the entity that would have received the money if the partial abatement had not been granted, as determined by the Department of Taxation.



Section 16 requires the lead participant in a qualified project to repay any portion of transferable tax credits and any portion of an abatement to which the lead participant is not entitled if the Office determines that the lead participant becomes ineligible for the incentives. **Section 17** requires the Office to make and submit to the Legislature certain reports concerning any economic development incentives provided to a qualified project pursuant to **sections 2-17**. **Section 17** also requires the Office to, upon request, make available to the Legislature any information concerning a qualified project or a participant in a qualified project.

Existing law authorizes local governments to undertake various infrastructure projects and provides a variety of mechanisms through which a local government may finance such projects. (See, e.g., chapters 271, 271A, 278C, 318 and 354 of NRS) **Sections 19-29** of this bill establish provisions pursuant to which a local government that receives notice from the Office that a qualified project will be located within the jurisdiction of the local government and that determines there is a need to finance infrastructure projects to support the development of the qualified project may submit to the Office an economic development financing proposal pursuant to which the infrastructure projects would be financed from the proceeds of bonds, securities or other indebtedness issued by the State of Nevada. **Section 27** provides that a proposal may include provisions for financing one or more projects and must include the creation of one or more tax increment areas or special districts and the pledge of revenues from such areas or districts for the repayment of any bonds issued by the State of Nevada to finance the projects. **Section 28** requires the Office to review each proposal and approve, approve and modify or reject each proposal within 45 days after receiving the proposal. **Section 28** requires the Office to



obtain the approval of the Legislature or the Interim Finance Committee of any such proposal which is submitted on or after July 1, 2017. **Section 28** sets forth criteria which must be met before the Office may approve a proposal. **Section 28** provides that any economic development financing agreement approved by the Office must include provisions requiring the Office to enter into an agreement with the local government pursuant to which the Office will administer any tax increment areas or special districts created by the local government pursuant to the economic development financing agreement. Additionally, **section 28** requires: (1) any securities issued pursuant to an economic development financing agreement must be made payable from taxes levied by the local government against all taxable property within the jurisdiction of the local government; and (2) the local government to issue general obligation securities that are payable from such taxes. If the Office approves an economic development financing agreement, **section 29**: (1) requires the State Board of Finance to issue general obligation bonds of the State of Nevada to finance the infrastructure projects identified in the agreement; and (2) provides that the proceeds of such bonds must be allocated to the Office for the purpose of providing financing for the infrastructure projects identified in the agreement. **Section 29** prohibits the State Board of Finance from issuing bonds pursuant to an economic development financing agreement if the total amount of outstanding bonds issued pursuant to such agreements would exceed \$175,000,000.

Existing law authorizes the governing body of any county, city or unincorporated town to create an improvement district for the acquisition, operation and maintenance of certain projects, and to finance the cost of any project through the issuance of bonds and the levy of assessments



upon property in the improvement district. (NRS 271.265, 271.270, 271.325) **Sections 36, 38 and 39** of this bill authorize the governing body of a county, city or unincorporated town in which a qualified project is located to create an improvement district for certain electrical projects and fire protection projects.

Existing law authorizes the governing body of a county or city in which a qualified project is or is expected to be located to: (1) create an economic diversification district that includes within its boundaries the qualified project; and (2) pledge an amount equal to the proceeds of all sales and use taxes imposed on or owed by each participant in the qualified project with regard to tangible personal property purchased in the county or city for use in the district, or stored, used or otherwise consumed in the district by a participant, during a fiscal year, other than any local sales and use taxes for which an abatement is received. (Chapter 271B of NRS) **Sections 42-46** of this bill authorize the governing body of a county or city to create an economic diversification district and pledge sales and use taxes for certain purposes related to a qualified project that qualifies for the economic development incentives set forth in this bill. **Sections 45 and 46** of this bill provide that if the Executive Director of the Office of Economic Development requires the lead participant to pay all or a portion of the abated taxes into a trust fund in the State Treasury until certain requirements are met: (1) the pledge of money must be conditioned upon the lead participant qualifying for a return of the money paid into the trust fund; (2) money subject to the conditional pledge must be deposited into the trust fund; and (3) the pledged money may not be disbursed until the lead participant qualifies for the return of the money paid into the trust fund.



Existing law requires the Public Utilities Commission of Nevada to adopt regulations authorizing a public utility which purchases natural gas for resale to expand its infrastructure in a manner consistent with a program of economic development. The program of economic development must be proposed by the public utility and approved by the Commission. The required regulations must prescribe procedures for approval of the expansion and must ensure the recovery by the public utility of all prudent and reasonable costs associated with the expansion. (NRS 704.9925) For these purposes, **section 41** of this bill provides that an expansion of infrastructure by such a public utility as necessary to provide natural gas to the legal boundary of an economic diversification district constitutes a program of economic development. **Section 41** also requires that the public utility, in accordance with the existing statute, expand its infrastructure in this manner and file an application with the Commission to establish rates to recover the costs associated with the expansion.

Under existing law a board of county commissioners may create a regional transportation commission under certain circumstances. (NRS 277A.180) Existing law authorizes a regional transportation commission to exercise the power of eminent domain, if the county or city with jurisdiction over the property approves the exercise of that power, for the acquisition, construction, repair or maintenance of public roads, or for any other purpose related to public mass transportation. (NRS 277A.250) **Section 47** of this bill authorizes the regional transportation commission in a county in which a qualified project is located to construct, improve, maintain and operate a project to provide freight rail service in relation to the qualified project. **Section 48** of this bill authorizes such a regional transportation commission to exercise



the power of eminent domain for a purpose related to such a project if the county or city with jurisdiction over the property approves of the exercise of that power.

Existing law authorizes the governing body of a municipality to designate a tax increment area for the purpose of creating a special account for the payment of bonds or other securities issued to defray the cost of certain undertakings, including, without limitation, water projects. The designation of a tax increment area by the governing body provides for the allocation of a portion of the taxes levied upon taxable property in the tax increment area each year to pay the bond requirements of loans, money advanced to or indebtedness incurred by the municipality to finance or refinance the undertaking. (Chapter 278C of NRS) In addition to such property taxes, a portion of the sales and use taxes imposed within the tax increment area and the excise tax imposed on financial institutions and employers (the “modified business tax”) located in the tax increment area may be allocated to pay the debt incurred by the municipality to finance or refinance the undertaking if the undertaking is a water project, the estimated cost of which exceeds \$50,000,000, and such financing is approved by the Interim Finance Committee. (NRS 278C.157, 278C.250) **Sections 51 and 53-59** of this bill revise these provisions to: (1) provide that, in addition to a water project, a portion of the sales and use taxes imposed within the tax increment area and the modified business tax imposed on financial institutions and employers located in the tax increment area may be allocated to pay the debt incurred by the municipality to finance or refinance an undertaking that is a rail project or a natural resources project; and (2) remove the \$50,000,000 threshold to qualify for such an allocation of those taxes and, instead, require that the project be in relation to a qualified project. **Section 60** of this bill authorizes a



municipality to issue securities purchased by the state Municipal Bond Bank if the securities are issued for a purpose related to natural resources.

Existing law prescribes the procedures for applications for permits relating to water rights. (Chapter 533 of NRS) **Section 64** of this bill requires the State Engineer to expedite action on an application for a permit relating to water rights in an area in which a qualified project is located upon receipt of certain notice from the Executive Director of the Office of Economic Development. **Section 64** also provides specific procedures with respect to such an expedited application which involves a water right that lies within a basin that has certain connections to and is managed jointly with one or more other basins.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 360 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 29, inclusive, of this act.

Sec. 2. *As used in sections 2 to 18, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 10, inclusive, of this act have the meanings ascribed to them in those sections.*



Sec. 3. *“Capital investment” means all costs and expenses incurred by the participants in a qualified project in connection with the acquisition, construction, installation and equipping of the qualified project.*

Sec. 4. *“Employer excise taxes” means the taxes imposed on the wages paid by an employer pursuant to chapter 363A or 363B of NRS.*

Sec. 5. *“Lead participant” means the participant designated by the participants in a project as the lead participant in an application submitted pursuant to section 11 of this act.*

Sec. 6. *“Local sales and use taxes” means only the taxes imposed pursuant to chapters 374, 377, 377A and 377B of NRS imposed on the gross receipts of any retailer from the sale of tangible personal property sold at retail, or stored, used or otherwise consumed, in the county in which the qualified project is located. The term does not include any taxes imposed by the Sales and Use Tax Act.*

Sec. 7. *“Participant” means a business which operates within the geographic boundaries of a project site and which contributes to or participates in the project.*

Sec. 8. *“Project” means a project undertaken by a business or group of businesses:*

- 1. Located within the geographic boundaries of a single project site in this State; and*
- 2. Engaged in a common purpose or business endeavor.*

Sec. 9. *“Property taxes” means any taxes levied by the State or a local government pursuant to the provisions of chapter 361 of NRS.*



Sec. 10. *“Qualified project” means a project which the Office of Economic Development determines meets all the requirements set forth in subsections 2, 3 and 4 of section 11 of this act.*

Sec. 11. 1. *On behalf of a project, the lead participant in the project may apply to the Office of Economic Development for:*

(a) A certificate of eligibility for transferable tax credits which may be applied to:

(1) Any tax imposed by chapters 363A and 363B of NRS;

(2) The gaming license fees imposed by the provisions of NRS 463.370;

(3) Any tax imposed by chapter 680B of NRS; or

(4) Any combination of the fees and taxes described in subparagraphs (1), (2) and (3).

(b) A partial abatement of property taxes, employer excise taxes or local sales and use taxes, or any combination of any of those taxes.

2. *For a project to be eligible for the transferable tax credits described in paragraph (a) of subsection 1 and the partial abatement of the taxes described in paragraph (b) of subsection 1, the lead participant in the project must, on behalf of the project:*

(a) Submit an application that meets the requirements of subsection 3;

(b) Provide documentation satisfactory to the Office that approval of the application would promote the economic development of this State and aid the implementation of the State Plan for Economic Development developed by the Executive Director of the Office pursuant to subsection 2 of NRS 231.053;



(c) Provide documentation satisfactory to the Office that the participants in the project collectively will make a total new capital investment of at least \$1 billion in this State within the 10-year period immediately following approval of the application;

(d) Provide documentation satisfactory to the Office that the participants in the project are engaged in a common purpose or business endeavor;

(e) Provide documentation satisfactory to the Office that the place of business of each participant is or will be located within the geographic boundaries of the project site;

(f) Provide documentation satisfactory to the Office that each participant in the project is registered pursuant to the laws of this State or commits to obtaining a valid business license and all other permits required by the county, city or town in which the project operates;

(g) Provide documentation satisfactory to the Office of the number of employees engaged or anticipated to be engaged in the construction of the project;

(h) Provide documentation satisfactory to the Office of the number of qualified employees employed or anticipated to be employed at the project by the participants;

(i) Provide documentation satisfactory to the Office that each employer engaged in the construction of the project provides a plan of health insurance and that each employee engaged in the construction of the project is offered coverage under the plan of health insurance provided by his or her employer;

(j) Provide documentation satisfactory to the Office that each participant in the project provides a plan of health insurance and that each employee employed at the project by each



participant is offered coverage under the plan of health insurance provided by his or her employer;

(k) Provide documentation satisfactory to the Office that at least 50 percent of the employees engaged or anticipated to be engaged in construction of the project and 50 percent of the employees employed at the project are residents of Nevada, unless waived by the Executive Director of the Office upon proof satisfactory to the Executive Director of the Office that there is an insufficient number of Nevada residents available and qualified for such employment;

(l) Agree to provide the Office with a full compliance audit of the participants in the project at the end of each fiscal year which:

(1) Shows the amount of money invested in this State by each participant in the project;

(2) Shows the number of employees engaged in the construction of the project and the number of those employees who are residents of Nevada;

(3) Shows the number of employees employed at the project by each participant and the number of those employees who are residents of Nevada; and

(4) Is certified by an independent certified public accountant in this State who is approved by the Office;

(m) Pay the cost of the audit required by paragraph (l); and

(n) Meet any other requirements prescribed by the Office.

3. An application submitted pursuant to subsection 2 must include:



(a) A detailed description of the project, including a description of the common purpose or business endeavor in which the participants in the project are engaged;

(b) A detailed description of the location of the project, including a precise description of the geographic boundaries of the project site;

(c) The name and business address of each participant in the project, which must be an address in this State;

(d) A detailed description of the plan by which the participants in the project intend to comply with the requirement that the participants collectively make a total new capital investment of at least \$1 billion in this State in the 10-year period immediately following approval of the application;

(e) If the application includes one or more partial abatements, an agreement executed by the Office with the lead participant in the project which:

(1) Complies with the requirements of NRS 360.755;

(2) States the date on which the partial abatement becomes effective, as agreed to by the applicant and the Office, which must not be earlier than the date on which the Office received the application;

(3) States that the project will, after the date on which a certificate of eligibility for the partial abatement is approved pursuant to section 15 of this act, continue in operation in this State for a period specified by the Office; and

(4) Binds successors in interest of the lead participant for the specified period; and

(f) Any other information required by the Office.



4. For an employee to be considered a resident of Nevada for the purposes of this section, each participant in the project must maintain the following documents in the personnel file of the employee:

(a) A copy of the current and valid Nevada driver's license of the employee or a current and valid identification card for the employee issued by the Department of Motor Vehicles;

(b) If the employee is a registered owner of one or more motor vehicles in Nevada, a copy of the current motor vehicle registration of at least one of those vehicles;

(c) Proof that the employee is employed full-time and scheduled to work for an average minimum of 30 hours per week; and

(d) Proof that the employee is offered coverage under a plan of health insurance provided by his or her employer.

5. For the purpose of obtaining from the Executive Director of the Office any waiver of the requirement set forth in paragraph (k) of subsection 2, the lead participant in the project must submit to the Executive Director of the Office written documentation of the efforts to meet the requirement and documented proof that an insufficient number of Nevada residents is available and qualified for employment.

6. The Executive Director of the Office shall make available to the public and post on the Internet website for the Office:

(a) Any request for a waiver of the requirements set forth in paragraph (k) of subsection 2; and



(b) Any approval of such a request for a waiver that is granted by the Executive Director of the Office.

7. The Executive Director of the Office shall post a request for a waiver of the requirements set forth in paragraph (k) of subsection 2 on the Internet website of the Office within 3 days after receiving the request and shall keep the request posted on the Internet website for not less than 5 days. The Executive Director of the Office shall ensure that the Internet website allows members of the public to post comments regarding the request.

8. The Executive Director of the Office shall consider any comments posted on the Internet website concerning any request for a waiver of the requirements set forth in paragraph (k) of subsection 2 before making a decision regarding whether to approve the request. If the Executive Director of the Office approves the request for a waiver, the Executive Director of the Office must post the approval on the Internet website of the Office within 3 days and ensure that the Internet website allows members of the public to post comments regarding the approval.

Sec. 12. 1. *If the Office of Economic Development receives an application pursuant to section 11 of this act, the Office:*

(a) Shall not consider the application unless the Office has requested a letter of acknowledgment of the request for a partial abatement from any county, school district, city or town which the Office determines may experience a direct economic effect as a result of the partial abatement.



(b) Shall not take any action on the application unless the Office takes that action at a public meeting conducted for that purpose.

(c) Shall, at least 30 days before any public meeting conducted for the purpose of taking any action on the application, provide notice of the application and the date, time and location of the public meeting at which the Office will consider the application to:

(1) Each participant in the project;

(2) The Department;

(3) The State Gaming Control Board;

(4) 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 project will be located;

(5) The governing body of any other political subdivision that the Office determines could experience a direct economic effect as a result of the abatement; and

(6) The general public.

2. The date of the public meeting to consider an application submitted pursuant to section 11 of this act must be not later than 60 days after the date on which the Office receives the completed application.

3. The Office shall approve an application submitted pursuant to section 11 of this act if the Office finds that the project is a qualified project. The Office shall issue a decision on the application not later than 30 days after the conclusion of the public meeting on the application.



4. The lead participant in a qualified project shall submit all accountings and other required information to the Office and the Department not later than 30 days after a date specified in the decision issued by the Office. If the Office or the Department determines that information submitted pursuant to this subsection is incomplete, the lead participant shall, not later than 30 days after receiving notice that the information is incomplete, provide to the Office or the Department, as applicable, all additional information required by the Office or the Department.

5. Until the Office of Economic Development provides notice of the application and the public meeting pursuant to paragraph (c) of subsection 1, the information contained in the application provided to the Office of Economic Development:

(a) Is confidential proprietary information of the business;

(b) Is not a public record; and

(c) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the lead participant consents to the disclosure.

6. After the Office provides notice of the application and the public meeting pursuant to paragraph (c) of subsection 1:

(a) The application is a public record; and

(b) Upon request by any person, the Executive Director of the Office shall disclose the application to the person who made the request, except for any information in the application that is protected from disclosure pursuant to subsection 7.



7. Before the Executive Director of the Office discloses the application to the public, the lead participant may submit a request to the Executive Director of the Office to protect from disclosure any information in the application which, under generally accepted business practices, would be considered a trade secret or other confidential proprietary information of the business. After consulting with the business, the Executive Director of the Office shall determine whether to protect the information from disclosure. The decision of the Executive Director of the Office is final and is not subject to judicial review. If the Executive Director of the Office determines to protect the information from disclosure, the protected information:

(a) Is confidential proprietary information of the business;

(b) Is not a public record;

(c) Must be redacted by the Executive Director of the Office from any copy of the application that is disclosed to the public; and

(d) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the lead participant consents to the disclosure.

Sec. 13. 1. *If the Office of Economic Development approves an application for a certificate of eligibility for transferable tax credits submitted pursuant to paragraph (a) of subsection 1 of section 11 of this act, the Office shall immediately forward a copy of the certificate of eligibility which identifies the estimated amount of the tax credits available pursuant to this section to:*

(a) The lead participant in the qualified project;

(b) The Department; and



(c) The State Gaming Control Board.

2. Within 14 business days after receipt of an audit provided by the lead participant in the qualified project pursuant to paragraph (l) of subsection 2 of section 11 of this act and any other accountings or other information required by the Office, the Office shall determine whether to certify the audit and make a final determination of whether a certificate of transferable tax credits will be issued. If the Office certifies the audit and determines that all other requirements for the transferable tax credits have been met, the Office shall notify the lead participant in the qualified project that the transferable tax credits will be issued. Within 30 days after the receipt of the notice, the lead participant in the qualified project shall make an irrevocable declaration of the amount of transferable tax credits that will be applied to each fee or tax set forth in subparagraphs (1), (2) and (3) of paragraph (a) of subsection 1 of section 11 of this act, thereby accounting for all of the credits which will be issued. Upon receipt of the declaration, the Office shall issue to the lead participant a certificate of transferable tax credits in the amount approved by the Office for the fees or taxes included in the declaration. The lead participant shall notify the Department upon transferring any of the transferable tax credits. The Office shall notify the Department and the State Gaming Control Board of all transferable tax credits issued, segregated by each fee or tax set forth in subparagraphs (1), (2) and (3) of paragraph (a) of subsection 1 of section 11 of this act. The Department shall notify the Office and the State Gaming Control Board of the amount of any transferable tax credits transferred.



3. *A qualified project may be approved for a certificate of eligibility for transferable tax credits in the amount of \$9,500 for each qualified employee, up to a maximum of 4,000 qualified employees.*

4. *For the purpose of computing the amount of transferable tax credits for which a qualified project is eligible pursuant to subsection 3:*

(a) Each qualified employee must be:

(1) Employed by a participant at the site of the qualified project.

(2) Employed full-time and scheduled to work for an average minimum of 30 hours per week.

(3) Employed for at least the last 3 consecutive months of the fiscal year.

(4) Offered coverage under a plan of health insurance provided by his or her employer.

(b) The wages for federal income tax purposes reported or required to be reported on Form W-2 of the qualified employees of the qualified project must be paid at an average rate of \$22 per hour.

(c) An employee engaged solely in the construction of the qualified project is deemed not to be a qualified employee.

Sec. 14. 1. *Except as otherwise provided in this section, the Office of Economic Development shall not approve transferable tax credits:*

(a) For Fiscal Year 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022 or 2022-2023, if approval of the transferable tax credits would cause the total amount of transferable



tax credits issued pursuant to sections 2 to 18, inclusive, of this act in that Fiscal Year to exceed \$7,600,000.

(b) For a fiscal year beginning on or after July 1, 2025.

2. The total amount of transferable tax credits issued pursuant to sections 2 to 18, inclusive, of this act to all qualified projects in this State must not exceed \$38,000,000.

3. If in any fiscal year the Office does not approve an amount of transferable tax credits equal to the total amount authorized by paragraph (a) or (b) of subsection 1, the remaining amount of transferable tax credits must be carried forward and made available for approval during subsequent fiscal years ending on or before June 30, 2025.

4. Each transferable tax credit issued pursuant to sections 2 to 18, inclusive, of this act expires 4 years after the date on which the transferable tax credit is issued to the lead participant. A transferable tax credit issued pursuant to sections 2 to 18, inclusive, of this act may be transferred only once.

Sec. 15. 1. If the Office of Economic Development approves an application for a partial abatement of property taxes, employer excise taxes or local sales and use taxes submitted pursuant to paragraph (b) of subsection 1 of section 11 of this act, the Office shall immediately forward a certificate of eligibility for the partial abatement of the taxes described in that paragraph to:

(a) The Department;

(b) The Nevada Tax Commission; and

(c) The county treasurer of the county in which the qualified project will be located.



2. *The partial abatement for the lead participant in the qualified project must:*

(a) *For property taxes, be for a duration of not more than 10 years after the effective date of the partial abatement and in an amount that equals 75 percent of the amount of the property taxes that would otherwise be owed by each participant for the qualified project;*

(b) *For employer excise taxes, be for a duration of not more than 10 years after the effective date of the partial abatement and in an amount that equals 75 percent of the amount of the employer excise taxes that would otherwise be owed by each participant for employees employed by the participant for the qualified project; and*

(c) *For local sales and use taxes, be for a duration of not more than 15 years after the effective date of the partial abatement and in an amount that equals the amount of the local sales and use taxes that would otherwise be owed by each participant in the qualified project.*

3. *As a condition of approving a partial abatement of taxes pursuant to sections 2 to 18, inclusive, of this act, the Executive Director of the Office of Economic Development, if he or she determines it to be in the best interests of the State of Nevada, may require the lead participant to pay at such time or times as deemed appropriate, an amount of money equal to all or a portion of the abated taxes into a trust fund in the State Treasury to be held until all or a portion of the requirements for the partial abatement have been met. Interest and income earned on money in the trust fund must be credited to the trust fund. Any money remaining in the trust fund at the end of a fiscal year does not revert to the State General Fund, and the balance in the trust fund must be carried forward to the next fiscal year. Money in the trust fund must not be used for any purpose other than the purposes set forth in subsection 4.*



4. Upon a determination by the Executive Director of the Office of Economic Development that the requirements for the partial abatement have been met, the money in the trust fund established pursuant to subsection 3, including any interest and income earned on the money during the time it was in the trust fund, must be returned to the lead participant. If the Executive Director determines that the requirements for the partial abatement have not been met:

(a) Except as otherwise provided in this subsection, the money in the trust fund established pursuant to subsection 3 must be transferred to the entity that would have received the money if the Office had not approved the partial abatement, as determined by the Department.

(b) The interest and income earned on the money in the trust fund during the time it was in the trust fund must be distributed to an entity receiving a distribution pursuant to paragraph (a) in the proportion that the taxes distributed to the entity pursuant to this paragraph bears to the total taxes distributed pursuant to this subsection.

5. If the Office approves a partial abatement of local sales and use taxes, the Office shall issue to the lead participant in the qualified project a document certifying the partial abatement which can be presented to retailers at the time of sale. The document must clearly state the rate of sales and use taxes which the purchaser is required to pay in the county in which the abatement is effective.

Sec. 16. 1. *The lead participant in a qualified project shall, upon the request of the Office of Economic Development, furnish the Office with copies of all records necessary to verify that the qualified project meets the eligibility requirements for any transferable tax*



credits issued pursuant to section 13 of this act and the partial abatement of any taxes pursuant to section 15 of this act.

2. The lead participant shall repay to the Department or the State Gaming Control Board, as applicable, any portion of the transferable tax credits to which the lead participant is not entitled if:

(a) The participants in the qualified project collectively fail to make the investment in this State necessary to support the determination by the Executive Director of the Office of Economic Development that the project is a qualified project;

(b) The participants in the qualified project collectively fail to employ the number of qualified employees identified in the certificate of eligibility approved for the qualified project;

(c) The lead participant submits any false statement, representation or certification in any document submitted for the purpose of obtaining transferable tax credits; or

(d) The lead participant otherwise becomes ineligible for transferable tax credits after receiving the transferable tax credits pursuant to sections 2 to 18, inclusive, of this act.

3. Transferable tax credits purchased in good faith are not subject to forfeiture unless the transferee submitted fraudulent information in connection with the purchase.

4. Notwithstanding any provision of this chapter or chapter 361 of NRS, if the lead participant in a qualified project for which a partial abatement has been approved pursuant to section 15 of this act and is in effect:

(a) Fails to meet the requirements for eligibility pursuant to that section; or



(b) Ceases operation before the time specified in the agreement described in paragraph (e) of subsection 3 of section 11 of this act,

↳ the lead participant shall repay to the Department or, if the partial abatement is from the property tax imposed by chapter 361 of NRS, to the appropriate county treasurer, the amount of the partial abatement that was allowed to the lead participant pursuant to section 15 of this act before the failure of the lead participant to meet the requirements for eligibility. Except as otherwise provided in NRS 360.232 and 360.320, the lead participant shall, in addition to the amount of the partial abatement required to be repaid by the lead participant pursuant to this subsection, pay interest on the amount due from the lead participant at the rate most recently established pursuant to NRS 99.040 for each month, or portion thereof, from the last day of the month following the period for which the payment would have been made had the partial abatement not been approved until the date of payment of the tax.

5. The Secretary of State may, upon application by the Executive Director of the Office, revoke or suspend the state business registration of the lead participant in a qualified project which is required to repay any portion of transferable tax credits pursuant to subsection 2 or the amount of any partial abatement pursuant to subsection 4 and which the Office determines is not in compliance with the provisions of this section governing repayment. If the state business registration of the lead participant in a qualified project is suspended or revoked pursuant to this subsection, the Secretary of State shall provide written notice of the action to the lead participant. The Secretary of State shall not reinstate a state business registration suspended pursuant to this subsection or issue a new state business registration to the lead



participant whose state business registration has been revoked pursuant to this subsection unless the Executive Director of the Office provides proof satisfactory to the Secretary of State that the lead participant is in compliance with the requirements of this section governing repayment.

Sec. 17. 1. *The Office of Economic Development shall, on or before October 1 of each year, prepare and submit to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the Legislature an annual report which includes:*

(a) For the immediately preceding fiscal year:

- (1) The number of applications submitted pursuant to section 11 of this act;*
- (2) The number of qualified projects for which an application was approved;*
- (3) The amount of transferable tax credits approved;*
- (4) The amount of transferable tax credits used;*
- (5) The amount of transferable tax credits transferred;*
- (6) The amount of transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total and for each qualified project;*
- (7) The number of partial abatements approved;*
- (8) The dollar amount of the partial abatements;*
- (9) The number of employees engaged in construction of each qualified project who are residents of Nevada and the number of employees employed by each participant in a qualified project who are residents of Nevada;*



(10) The number of qualified employees employed by each participant in a qualified project and the total amount of wages paid to those persons; and

(11) For each qualified project, an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project.

(b) For each partial abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years, 6 fiscal years, 10 fiscal years and 15 fiscal years immediately preceding the submission of the report:

(1) The dollar amount of the partial abatement;

(2) The value of infrastructure included as an incentive for the qualified project;

(3) The economic sector in which each participant in the qualified project operates, the number of primary jobs related to the qualified project, the average wage paid to employees employed by the participants in the qualified project and the assessed values of personal property and real property of the qualified project; and

(4) Any other information that the Office determines to be useful.

2. In addition to the annual reports required to be prepared and submitted pursuant to subsection 1, for the period beginning on the effective date of this act and ending on July 1, 2017, the Office shall, not less frequently than every calendar quarter, prepare and submit to the Governor and the Director of the Legislative Counsel Bureau for transmittal to the Legislature a report which includes, for the immediately preceding calendar quarter:



(a) The dollar amount of the partial abatements approved for the lead participant in each qualified project;

(b) The number of employees engaged in construction of each qualified project who are residents of Nevada and the number of employees employed by each participant in each qualified project who are residents of Nevada;

(c) The number of qualified employees employed by each participant in each qualified project and the total amount of wages paid to those persons;

(d) For each qualified project an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project; and

(e) Any other information requested by the Legislature.

3. In addition to the reports required to be prepared and submitted pursuant to subsections 1 and 2, the Office shall, upon request, make available to the Legislature any information concerning a qualified project or any participant in a qualified project. The Office shall make available any information requested pursuant to this subsection within the period specified in the request.

4. The Office shall provide to the Fiscal Analysis Division of the Legislative Counsel Bureau a copy of any agreement entered into by the Office and the lead participant not later than 30 days after the agreement is executed.

5. Notwithstanding the provisions of any other specific statute, the information requested by the Legislature pursuant to this section may include information considered confidential



for other purposes. If such confidential information is requested, the Office shall make the information available to the Fiscal Analysis Division of the Legislative Counsel Bureau for confidential examination.

Sec. 18. 1. *For the purpose of encouraging local economic development, the governing body of a city or county in which a qualified project is located may grant to any participant in a qualified project an abatement of all or any percentage of the amount of any permitting fee or licensing fee which the local government is authorized to impose or charge pursuant to chapter 244 or 268 of NRS.*

2. Before granting any abatement pursuant to subsection 1, the governing body of the city or county must provide by ordinance for a pilot project for granting abatements to participants in a qualified project.

3. A governing body of a city or county that grants an abatement pursuant to subsection 1 shall, on or before October 1 of each year in which such an abatement is granted, prepare and submit to the Governor and to the Director of the Legislative Counsel Bureau for transmittal to the Legislature an annual report which includes, for the immediately preceding fiscal year:

(a) The number of qualified projects located within the jurisdiction of the governing body for which a certificate of eligibility for transferable tax credits was approved;

(b) If applicable, the number and dollar amount of the abatements granted by the governing body pursuant to subsection 1; and



(c) The number of persons within the jurisdiction of the governing body that were employed by each participant in a qualified project and the amount of wages paid to those persons.

Sec. 19. As used in sections 19 to 29, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 20 to 26, inclusive, of this act have the meanings ascribed to them in those sections.

Sec. 20. “Economic development financing agreement” means an economic development financing proposal that is approved by the Executive Director pursuant to section 28 of this act.

Sec. 21. “Economic development financing proposal” means an economic development financing proposal submitted to the Office by the governing body of a local government pursuant to section 27 of this act.

Sec. 22. “Infrastructure project” includes, without limitation, a drainage project, an electrical project, a rail project, a sanitary sewer project, a transportation project, a fire protection project, a wastewater project and a water project.

Sec. 23. “Lead participant” means a lead participant as that term is defined in NRS 360.915 or section 5 of this act.

Sec. 24. “Local government” means a city or a county.

Sec. 25. “Office” means the Office of Economic Development created by NRS 231.043.

Sec. 26. “Qualified project” means a qualified project as that term is defined in NRS 360.940 or section 10 of this act.



Sec. 27. 1. *If the governing body of a local government:*

(a) Receives notice that a qualified project is or will be located within the jurisdiction of the local government; and

(b) Determines that there is a need to finance infrastructure projects within the jurisdiction of the local government to support the development of the qualified project,

↳ the governing body may prepare and submit to the Office for approval an economic development financing proposal pursuant to which the infrastructure projects identified in the proposal would be financed from the proceeds of bonds, securities or other indebtedness issued by the State of Nevada.

2. *An economic development financing proposal submitted pursuant to subsection 1:*

(a) May include, without limitation, provisions for the financing of one or more infrastructure projects;

(b) Must include the creation of one or more districts or areas by the local government pursuant to chapters 271, 271A and 278C of NRS and the pledge of revenue from such districts or areas for the repayment of any bonds, securities or other indebtedness issued by the State of Nevada to finance the projects; and

(c) Must include such other provisions and information as may be required by the Office.

Sec. 28. 1. *Upon receipt of an economic development financing proposal, the Office shall:*

(a) Request from the State Treasurer a determination of the capacity available under the State's debt limit; and



(b) In consultation with any person or entity the Office determines is appropriate, review the proposal. The Office may request any additional information from the governing body as it determines is necessary to evaluate the proposal.

2. Except as otherwise provided in paragraph (c) of subsection 3, the Office shall approve, approve and modify, or reject any economic development financing proposal within 45 days after receiving the completed proposal.

3. The Office may approve an economic development financing proposal only if:

(a) The proposal includes such provisions as the Executive Director of the Office determines are necessary to ensure that:

(1) The Office will enter into one or more agreements with the local government pursuant to which the Office will administer any districts or areas which are or may be created for the purpose of carrying out the infrastructure projects identified in the proposal, including, without limitation, any district or area created pursuant to chapters 271, 271A and 278C of NRS;

(2) The proceeds of any bonds, securities or other indebtedness issued pursuant to section 29 of this act will be allocated to the Office for the purpose of providing financing for the infrastructure projects identified in the proposal;

(3) The revenues from any districts or areas created for the purpose of financing the infrastructure projects identified in the proposal will be pledged for the repayment of any bonds, securities or other indebtedness issued pursuant to section 29 of this act; and



(4) Notwithstanding any provision of chapter 271, 271A or 278C to the contrary, any securities issued pursuant to the proposal be made payable from taxes levied by the local government against all taxable property within the jurisdiction of the local government and that the local government issue general obligation securities that are payable from such taxes;

(b) The Executive Director makes a finding, which shall be conclusive, that the revenues pledged as provided in subparagraph (3) of paragraph (a) will be sufficient, together with any capitalized interest, to fully repay any bonds, securities or other indebtedness issued pursuant to section 29 of this act; and

(c) For a proposal submitted on or after July 1, 2017, the Office submits the proposal to and obtains the approval of the Legislature or the Interim Finance Committee if the Legislature is not in session.

4. In addition to the agreements described in subparagraph (1) of paragraph (a) of subsection 3, the Office may enter into one or more cooperative agreements with any state or local agency which the Office determines is necessary to carry out an economic development financing proposal approved pursuant to this section. If the Office approves an economic development financing proposal, the Office shall provide notice and a copy of the decision approving the proposal to the governing body of the local government and the State Board of Finance.

Sec. 29. 1. As soon as practicable after receiving notice from the Office that it has approved an economic development financing agreement, the State Board of Finance shall issue general obligation bonds of the State of Nevada to finance the infrastructure projects



identified in the economic development financing agreement. The provisions of the State Securities Law contained in chapter 349 of NRS apply to the issuance of bonds pursuant to this section. The State Board of Finance shall issue the bonds in the amount set forth in the economic development financing agreement, but shall not issue or have outstanding at any time bonds issued pursuant to this section in an amount that exceeds \$175,000,000. Before any bonds may be issued pursuant to this section, the lead participant in the qualified project must provide adequate security that the lead participant will carry out the qualified project. The security may consist of one or more performance bonds or similar documents, actual expenditures on the qualified project, commitments to make such expenditures, or other security deemed appropriate by the Executive Director of the Office. A commitment to make an expenditure may be conditioned upon the issuance of bonds pursuant to this section but may not be subject to any other conditions.

2. The proceeds of any bonds issued pursuant to subsection 1 must be allocated to the Office in the manner prescribed by the economic development financing agreement.

Sec. 30. NRS 360.225 is hereby amended to read as follows:

360.225 1. During the course of an investigation undertaken pursuant to NRS 360.130 of a person claiming:

(a) A partial abatement of property taxes pursuant to NRS 361.0687;

(b) An exemption from taxes pursuant to NRS 363B.120;

(c) A deferral of the payment of taxes on the sale of eligible property pursuant to NRS 372.397 or 374.402;



(d) An abatement of taxes on the gross receipts from the sale, storage, use or other consumption of eligible machinery or equipment pursuant to NRS 374.357;

(e) A partial abatement of taxes pursuant to NRS 360.752 on or before June 30, 2023;

(f) A partial abatement of taxes pursuant to NRS 360.754 on or before December 31, 2056;

~~for~~

(g) An abatement of taxes pursuant to NRS 360.950 on or before June 30, 2036 ~~for~~ *or*

(h) A partial abatement of taxes pursuant to section 12 of this act,

↳ the Department shall investigate whether the person meets the eligibility requirements for the abatement, partial abatement, exemption or deferral that the person is claiming.

2. If the Department finds that the person does not meet the eligibility requirements for the abatement, exemption or deferral which the person is claiming, the Department shall report its findings to the Office of Economic Development and take any other necessary actions.

Sec. 31. NRS 360.755 is hereby amended to read as follows:

360.755 1. If the Office of Economic Development approves an application by a business for an abatement of taxes pursuant to NRS 360.950 or a partial abatement pursuant to NRS 360.750, 360.752, 360.753 , ~~for~~ 360.754 ~~for~~ *or section 12 of this act*, the agreement with the Office must provide that the business:

(a) Agrees to allow the Department to conduct audits of the business to determine whether the business is in full compliance with the requirements for the abatement or partial abatement; and

(b) Consents to the disclosure of the audit reports in the manner set forth in this section.



2. If the Department conducts an audit of the business to determine whether the business is in full compliance with the requirements for the abatement or partial abatement, the Department shall, upon request, provide the audit report to the Office of Economic Development.

3. Until the business has exhausted all appeals to the Department and the Nevada Tax Commission relating to the audit, the information contained in the audit report provided to the Office of Economic Development:

- (a) Is confidential proprietary information of the business;
- (b) Is not a public record; and
- (c) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the business consents to the disclosure.

4. After the business has exhausted all appeals to the Department and the Nevada Tax Commission relating to the audit:

- (a) The audit report provided to the Office of Economic Development is a public record; and
- (b) Upon request by any person, the Executive Director of the Office of Economic Development shall disclose the audit report to the person who made the request, except for any information in the audit report that is protected from disclosure pursuant to subsection 5.

5. Before the Executive Director of the Office of Economic Development discloses the audit report to the public, the business may submit a request to the Executive Director to protect from disclosure any information in the audit report which, under generally accepted business practices, would be considered a trade secret or other confidential proprietary information of the business. After consulting with the business, the Executive Director shall determine whether to protect the



information from disclosure. The decision of the Executive Director is final and is not subject to judicial review. If the Executive Director determines to protect the information from disclosure, the protected information:

- (a) Is confidential proprietary information of the business;
- (b) Is not a public record;
- (c) Must be redacted by the Executive Director from any audit report that is disclosed to the public; and
- (d) Must not be disclosed to any person who is not an officer or employee of the Office of Economic Development unless the business consents to the disclosure.

Sec. 32. NRS 218D.355 is hereby amended to read as follows:

218D.355 1. Except as otherwise provided in NRS 360.753, 360.754 and 360.965, *and section 15 of this act*, any state legislation enacted on or after July 1, 2012, which authorizes or requires the Office of Economic Development to approve any abatement of taxes or increases the amount of any abatement of taxes which the Office is authorized or required to approve:

- (a) Expires by limitation 10 years after the effective date of that legislation.
- (b) Does not apply to:
 - (1) Any taxes imposed pursuant to NRS 374.110 *and 374.111* or *NRS* 374.190 ~~§~~ *and 374.191*; or
 - (2) Any entity that receives:
 - (I) Any funding from a governmental entity, other than any private activity bonds as defined in 26 U.S.C. § 141; or



(II) Any real or personal property from a governmental entity at no cost or at a reduced cost.

(c) Requires each recipient of the abatement to submit to the Department of Taxation, on or before the last day of each even-numbered year, a report on whether the recipient is in compliance with the terms of the abatement. The Department of Taxation shall establish a form for the report and may adopt such regulations as it determines to be appropriate to carry out this paragraph. The report must include, without limitation:

- (1) The date the recipient commenced operation in this State;
- (2) The number of employees actually employed by the recipient and the average hourly wage of those employees;
- (3) An accounting of any fees paid by the recipient to the State and to local governmental entities;
- (4) An accounting of the property taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;
- (5) An accounting of the sales and use taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;
- (6) An accounting of the total capital investment made in connection with the project to which the abatement applies; and
- (7) An accounting of the total investment in personal property made in connection with the project to which the abatement applies.

2. On or before January 15 of each odd-numbered year, the Department of Taxation shall:



(a) Based upon the information submitted to the Department of Taxation pursuant to paragraph (c) of subsection 1, prepare a written report of its findings regarding whether the costs of the abatement exceed the benefits of the abatement; and

(b) Submit the report to the Director for transmittal to the Legislature.

Sec. 33. NRS 218D.355 is hereby amended to read as follows:

218D.355 1. Except as otherwise provided in NRS 360.753, 360.754 and 360.965, ~~and section 15 of this act,~~ any state legislation enacted on or after July 1, 2012, which authorizes or requires the Office of Economic Development to approve any abatement of taxes or increases the amount of any abatement of taxes which the Office is authorized or required to approve:

(a) Expires by limitation 10 years after the effective date of that legislation.

(b) Does not apply to:

(1) Any taxes imposed pursuant to NRS 374.110 and 374.111 or NRS 374.190 and 374.191; or

(2) Any entity that receives:

(I) Any funding from a governmental entity, other than any private activity bonds as defined in 26 U.S.C. § 141; or

(II) Any real or personal property from a governmental entity at no cost or at a reduced cost.

(c) Requires each recipient of the abatement to submit to the Department of Taxation, on or before the last day of each even-numbered year, a report on whether the recipient is in compliance with the terms of the abatement. The Department of Taxation shall establish a form



for the report and may adopt such regulations as it determines to be appropriate to carry out this paragraph. The report must include, without limitation:

- (1) The date the recipient commenced operation in this State;
- (2) The number of employees actually employed by the recipient and the average hourly wage of those employees;
- (3) An accounting of any fees paid by the recipient to the State and to local governmental entities;
- (4) An accounting of the property taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;
- (5) An accounting of the sales and use taxes paid by the recipient and the amount of those taxes that would have been due if not for the abatement;
- (6) An accounting of the total capital investment made in connection with the project to which the abatement applies; and
- (7) An accounting of the total investment in personal property made in connection with the project to which the abatement applies.

2. On or before January 15 of each odd-numbered year, the Department of Taxation shall:

- (a) Based upon the information submitted to the Department of Taxation pursuant to paragraph (c) of subsection 1, prepare a written report of its findings regarding whether the costs of the abatement exceed the benefits of the abatement; and
- (b) Submit the report to the Director for transmittal to the Legislature.

Sec. 34. NRS 231.069 is hereby amended to read as follows:



231.069 1. Except as otherwise provided in subsection 3 and NRS 239.0115 and 360.950, *and section 12 of this act*, the Office shall keep confidential any record or other document of a client which is in its possession if the client:

(a) Submits a request in writing that the record or other document be kept confidential by the Office; and

(b) Demonstrates to the satisfaction of the Office that the record or other document contains proprietary or confidential information.

2. If the Office determines that a record or other document of a client contains proprietary or confidential information, the Executive Director shall attach to the file containing the record or document:

(a) A certificate signed by him or her stating that a request for confidentiality was made by the client and the date of the request;

(b) A copy of the written request submitted by the client;

(c) The documentation to support the request which was submitted by the client; and

(d) A copy of the decision of the Office determining that the record or other document contains proprietary or confidential information.

3. The Office may share the records and other documents that are confidential pursuant to this section with the nonprofit corporation formed by the Executive Director pursuant to section 3.5 of this act, as deemed necessary by the Office to accomplish the purposes for which the nonprofit corporation was formed.

4. Records and documents that are confidential pursuant to this section:



- (a) Are proprietary or confidential information of the business;
- (b) Are not a public record; and
- (c) Must not be disclosed to any person who is not an officer or employee of the Office unless the business consents to the disclosure.

5. As used in this section, “proprietary or confidential information” has the meaning ascribed to it in NRS 360.247.

Sec. 35. Chapter 271 of NRS is hereby amended by adding thereto the provisions set forth as sections 36 and 37 of this act.

Sec. 36. *“Fire protection project” means any facilities for a municipal fire protection system, including, without limitation, fire stations, pumper trucks, hook and ladder trucks, rescue trucks, fire engines, other motor vehicles, water works, hydrants, other water supply facilities, telegraphic fire signals, telephone, telegraph, radio and television service facilities, hooks, ladders, chutes, buckets, gauges, hoses, pumps, fire extinguishers, fans, artificial lights, respirators, rescue equipment and other fire protection and fire-fighting apparatus, or any combination thereof, and other buildings, structures, furnishings and equipment therefor.*

Sec. 37. 1. *Notwithstanding any provision of this chapter to the contrary, if the governing body submits to the Office of Economic Development an economic development financing proposal described in section 27 of this act and the Office approves the proposal and an economic development financing agreement pursuant to section 28 of this act, any improvement district which is or may be created for the purpose of carrying out the projects identified in the proposal must be administered as provided in the agreement.*



2. The economic development financing agreement may provide, without limitation, that:

(a) The Office of Economic Development, the Executive Director of the Office or any designee of either is authorized or required to perform any function or duty that under the provisions of this chapter would otherwise be performed by the municipality, the governing body or any officer or employee of the municipality.

(b) Any assessments or other money collected pursuant to this chapter must be paid, collected, deposited, distributed or remitted as provided in the agreement, notwithstanding any provision of this chapter to the contrary.

(c) It may be modified at any time by the Executive Director of the Office of Economic Development, in the exercise of his or her sole discretion and without the consent of the governing body.

Sec. 38. NRS 271.030 is hereby amended to read as follows:

271.030 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 271.035 to 271.253, inclusive, *and section 36 of this act*, have the meanings ascribed to them in those sections.

Sec. 39. NRS 271.265 is hereby amended to read as follows:

271.265 1. The governing body of a county, city or town, upon behalf of the municipality and in its name, without any election, may from time to time acquire, improve, equip, operate and maintain, within or without the municipality, or both within and without the municipality:

(a) A curb and gutter project;

(b) A drainage project;



- (c) An energy efficiency improvement project;
- (d) A neighborhood improvement project;
- (e) An off-street parking project;
- (f) An overpass project;
- (g) A park project;
- (h) A public safety project;
- (i) A renewable energy project;
- (j) A sanitary sewer project;
- (k) A security wall;
- (l) A sidewalk project;
- (m) A storm sewer project;
- (n) A street project;
- (o) A street beautification project;
- (p) A transportation project;
- (q) An underpass project;
- (r) A water project;
- (s) A waterfront project; and
- (t) Any combination of such projects.

2. In addition to the power specified in subsection 1, the governing body of a city having a commission form of government as defined in NRS 267.010, upon behalf of the municipality and



in its name, without any election, may from time to time acquire, improve, equip, operate and maintain, within or without the municipality, or both within and without the municipality:

(a) An electrical project;

(b) A telephone project;

(c) A combination of an electrical project and a telephone project;

(d) A combination of an electrical project or a telephone project with any of the projects, or any combination thereof, specified in subsection 1; and

(e) A combination of an electrical project and a telephone project with any of the projects, or any combination thereof, specified in subsection 1.

3. In addition to the power specified in subsections 1 and 2, the governing body of a municipality, on behalf of the municipality and in its name, without an election, may finance an underground conversion project with the approval of each service provider that owns the overhead service facilities to be converted.

4. In addition to the power specified in subsections 1, 2 and 3, if the governing body of a municipality in a county whose population is less than 700,000 complies with the provisions of NRS 271.650, the governing body of the municipality, on behalf of the municipality and in its name, without any election, may from time to time acquire, improve, equip, operate and maintain, within or without the municipality, or both within and without the municipality:

(a) An art project; and

(b) A tourism and entertainment project.



5. In addition to the power specified in this section, if a qualified project is located within the jurisdiction of the municipality, the governing body of the municipality, on behalf of the municipality and in its name, without any election, may from time to time acquire, improve, equip, operate and maintain, within or without the municipality, or both within and without the municipality, an electrical project or a fire protection project.

6. As used in this section, “qualified project” has the meaning ascribed to it in NRS 360.940 or section 10 of this act.

Sec. 40. Chapter 271A of NRS is hereby amended by adding thereto a new section to read as follows:

1. Notwithstanding any provision of this chapter to the contrary, if the governing body submits to the Office of Economic Development an economic development financing proposal described in section 27 of this act and the Office approves the proposal and an economic development financing agreement pursuant to section 28 of this act, any district which is or may be created for the purpose of carrying out the projects identified in the proposal must be administered as provided in the agreement.

2. The economic development financing agreement may provide, without limitation, that:

(a) The Office of Economic Development, the Executive Director of the Office or any designee of either is authorized or required to perform any function or duty that under the provisions of this chapter would otherwise be performed by the municipality, the governing body or any officer or employee of the municipality.



(b) Any money collected pursuant to this chapter must be paid, collected, deposited, distributed or remitted as provided in the agreement, notwithstanding any provision of this chapter to the contrary.

(c) It may be modified at any time by the Executive Director of the Office of Economic Development, in the exercise of his or her sole discretion and without the consent of the governing body.

Sec. 41. Chapter 271B of NRS is hereby amended by adding thereto a new section to read as follows:

1. For the purposes of subsection 3 of NRS 704.9925, the activity of a public utility which purchases natural gas for resale relating to the expansion of its infrastructure necessary to provide natural gas to the legal boundary of a district constitutes a program of economic development. The public utility shall expand its infrastructure in accordance with the provisions of that section.

2. A public utility which expands its infrastructure as described in subsection 1 shall file an application with the Public Utilities Commission of Nevada in accordance with the regulations adopted pursuant to NRS 704.9925 to establish rates to recover all prudent and reasonable costs associated with the expansion in accordance with the provisions of that section.

3. As used in this section, "public utility" has the meaning ascribed to it in NRS 704.020.

Sec. 42. NRS 271B.030 is hereby amended to read as follows:



271B.030 “Lead participant” has the meaning ascribed to it in NRS 360.915 **⚡ or section 5 of this act.**

Sec. 43. NRS 271B.050 is hereby amended to read as follows:

271B.050 “Participant” has the meaning ascribed to it in NRS 360.925 **⚡ or section 7 of this act.**

Sec. 44. NRS 271B.060 is hereby amended to read as follows:

271B.060 “Qualified project” has the meaning ascribed to it in NRS 360.940 **⚡ or section 10 of this act.**

Sec. 45. NRS 271B.070 is hereby amended to read as follows:

271B.070 1. Except as otherwise provided in this section, if a qualified project is located within the jurisdiction of a municipality, the governing body of the municipality may:

(a) Create an economic diversification district for the purposes of carrying out this chapter by adopting an ordinance describing the boundaries of the district, which must be the geographic boundaries of the qualified project, and generally describing the purposes within the district for which money pledged pursuant to this chapter may be used; and

(b) For the purposes of carrying out paragraph (a), include in an ordinance adopted pursuant to that paragraph the pledge of an amount equal to the proceeds of all sales and use taxes imposed on or owed by each participant in the qualified project with regard to tangible personal property purchased in the municipality for use in the district, or stored, used or otherwise consumed in the district by the participant, during a fiscal year other than the amount of any local



sales and use taxes for which the lead participant has received an abatement pursuant to an application approved by the Office of Economic Development pursuant to NRS 360.950.

2. The governing body of a municipality may not include in an ordinance adopted to create a district pursuant to paragraph (a) of subsection 1 on or after September 11, 2014, the pledge of any proceeds of the taxes imposed pursuant to NRS 374.110 and 374.190 with regard to tangible personal property sold at retail, or stored, used or otherwise consumed, if the governing body obtains an opinion from independent bond counsel stating that the applicability of this provision would impair an existing contract for the sale of bonds which were issued before September 11, 2014.

3. *If:*

(a) The qualified project is a qualified project described in section 10 of this act;

(b) The governing body of the municipality includes in the ordinance adopted pursuant to paragraph (a) of subsection 1 a pledge of money pursuant to paragraph (b) of subsection 1; and

(c) The Executive Director of the Office of Economic Development has required the lead participant to make payments to a trust fund in the State Treasury pursuant to subsection 3 of section 15 of this act,

↳ the governing body must include in the ordinance a provision providing that the pledge of that money is conditioned upon the lead participant qualifying for a return of the money paid into the trust fund pursuant to subsection 4 of section 15 of this act.

4. A district created pursuant to this section by:



(a) A city must be located entirely within the boundaries of that city.

(b) A county must be located entirely within the boundaries of that county and, when the district is created, entirely outside of the boundaries of any city.

Sec. 46. NRS 271B.080 is hereby amended to read as follows:

271B.080 **1.** After the adoption of an ordinance pursuant to NRS 271B.070 ~~the~~:

(a) *The* governing body of the municipality and the Department of Taxation shall enter into an agreement specifying the dates and procedure for distribution to the municipality of any money pledged pursuant to NRS 271B.070. ~~The~~

(b) *If the qualified project is a qualified project described in section 10 of this act and the Executive Director of the Office of Economic Development has required the lead participant to make payments to a trust fund in the State Treasury pursuant to subsection 3 of section 15 of this act, the Department of Taxation shall deposit in that trust fund the proceeds of any taxes conditionally pledged pursuant to subsection 3 of NRS 271B.070 until:*

(1) The lead participant qualifies for a return of the money paid into the trust fund pursuant to subsection 4 of section 15 of this act, in which case the taxes conditionally pledged, including any interest and income earned on those taxes, must be distributed pursuant to the agreement described in paragraph (a); or

(2) The Executive Director determines that the requirements for the partial abatement set forth in section 15 of this act have not been met, in which case any taxes conditionally pledged and deposited in the trust fund must be transferred to the entity that would have received those taxes if the taxes had not been conditionally pledged, as determined by the



Department of Taxation. The interest and income earned on those taxes during the time the taxes were in the trust fund must be distributed to an entity receiving a distribution pursuant to this subparagraph in the proportion that the taxes distributed to the entity pursuant to this subparagraph bears to the total taxes distributed pursuant to this subparagraph.

2. If the qualified project is a qualified project described in NRS 360.940, the distributions pursuant to the agreement described in paragraph (a) of subsection 1 must:

~~11~~ (a) Be made not less frequently than monthly; and

~~12~~ (b) Cease at the end of the fiscal year in which the 20th anniversary of the adoption of the ordinance creating the district occurs.

3. If the qualified project is a qualified project described in section 10 of this act, the distributions pursuant to the agreement described in subsection 1 must:

(a) *Be made not less frequently than monthly;*

(b) *Cease at the end of the fiscal year in which the 15th anniversary of the adoption of the ordinance creating the district occurs; and*

(c) *If the Executive Director of the Office of Economic Development has required the lead participant to make payments to a trust fund in the State Treasury pursuant to subsection 3 of section 15 of this act, not commence until the lead participant qualifies for a return of the money paid into the trust fund pursuant to subsection 4 of section 15 of this act.*

Sec. 47. Chapter 277A of NRS is hereby amended by adding thereto a new section to read as follows:



1. In a county in which a qualified project is located, the commission may acquire, construct, improve, maintain and operate a project to provide freight rail service in relation to the qualified project.

2. To carry out a project described in subsection 1, the commission may:

(a) Enter into agreements with an agency of any state or political subdivision thereof, or the Federal Government;

(b) Receive and disburse funds from an agency of this State or any other source;

(c) In addition to the agreements authorized by paragraph (a), enter into rail access agreements and other similar agreements with any person authorizing or regulating use, operation and maintenance of the freight rail service, including, without limitation, any arrangements for payment of fees or costs related to such use, operation and maintenance; and

(d) Adopt regulations governing the use, operation and maintenance of the freight rail service.

3. As used in this section, "qualified project" has the meaning ascribed to it in NRS 360.940 or section 10 of this act.

Sec. 48. NRS 277A.250 is hereby amended to read as follows:

277A.250 A commission may:

1. Acquire and own both real and personal property.

2. Exercise the power of eminent domain, if the city or county which has jurisdiction over the property approves ~~for~~:



(a) *For* the acquisition, construction, repair or maintenance of public roads ~~to~~ ~~or for~~ ;

(b) *For* any ~~other~~ purpose related to public mass transportation ~~to~~ ; *or*

(c) *For any purpose related to a project to provide freight rail service pursuant to section 47 of this act.*

3. Sell, lease or convey or otherwise dispose of rights, interests or properties.

4. Adopt regulations for:

(a) Financing eligible activities; and

(b) The operation of systems or services provided by the commission.

Sec. 49. Chapter 278C of NRS is hereby amended by adding thereto the provisions set forth as sections 50, 51 and 52 of this act.

Sec. 50. *“Natural resources project” means:*

1. A drainage and flood control project;

2. A sewerage project;

3. A wastewater project; or

4. A water project.

Sec. 51. *“Rail project” means any railroad, railroad tracks, rail spurs and any structures or facilities necessary for a rail port, and all appurtenances and incidentals, or any combination thereof, including real and other property therefor.*

Sec. 52. *1. Notwithstanding any provision of this chapter to the contrary, if the governing body submits to the Office of Economic Development an economic development financing proposal described in section 27 of this act and the Office approves the proposal and*



an economic development financing agreement pursuant to section 28 of this act, any tax increment area which is or may be created for the purpose of carrying out the undertakings identified in the proposal must be administered as provided in the agreement.

2. The economic development financing agreement may provide, without limitation, that:

(a) The Office of Economic Development, the Executive Director of the Office or any designee of either is authorized or required to perform any function or duty that under the provisions of this chapter would otherwise be performed by the municipality, the governing body or any officer or employee of the municipality.

(b) Any money collected pursuant to this chapter must be paid, collected, deposited, distributed or remitted as provided in the agreement, notwithstanding any provision of this chapter to the contrary.

(c) It may be modified at any time by the Executive Director of the Office of Economic Development, in the exercise of his or her sole discretion and without the consent of the governing body.

Sec. 53. NRS 278C.130 is hereby amended to read as follows:

278C.130 “Tax increment area” means the area:

1. Whose boundaries are coterminous with those of a specially benefited zone established as provided in NRS 278C.150;
2. Specially benefited by an undertaking under this chapter;
3. Designated by ordinance as provided in NRS 278C.220; and
4. In which is located:



(a) The taxable property the assessed valuation of which is the basis for the allocation of tax proceeds to the tax increment account pursuant to paragraph (a) of subsection 1 of NRS 278C.250; and

(b) If the undertaking is a ~~water project~~ *natural resources project or a rail project* for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157:

(1) The persons from which the tax on the sale or use of tangible personal property is the basis for the allocation of tax proceeds to the tax increment account pursuant to paragraph (b) of subsection 1 of NRS 278C.250; and

(2) The employers from which the tax imposed pursuant to NRS 363A.130 and 363B.110 is the basis for the allocation of tax proceeds to the tax increment account pursuant to paragraph (c) of subsection 1 of NRS 278C.250.

Sec. 54. NRS 278C.140 is hereby amended to read as follows:

278C.140 “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; or



(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.

3. In the case of a city with respect to any tax increment area created pursuant to a cooperative agreement between the city and the Nevada System of Higher Education pursuant to NRS 278C.155, in addition to the projects described in subsection 2:

(a) 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 of the University of Nevada; or

(b) 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 of the University of Nevada.

4. In the case of a county or city with respect to any tax increment area created by an ordinance adopted pursuant to NRS 278C.157, in addition to the projects described in subsections 1 and 2:

(a) A natural resources project; or



(b) A rail project.

Sec. 55. NRS 278C.157 is hereby amended to read as follows:

278C.157 1. A municipality may adopt an ordinance ordering an undertaking and creating the tax increment area and the tax increment account pertaining thereto pursuant to NRS 278C.220 which includes provisions for:

(a) The allocation of the proceeds of any tax on the sale or use of tangible personal property to the tax increment account of the proposed tax increment area pursuant to paragraph (b) of subsection 1 of NRS 278C.250;

(b) The allocation of the proceeds of any tax imposed pursuant to NRS 363A.130 and 363B.110 to the tax increment account of the proposed tax increment area pursuant to paragraph (c) of subsection 1 of NRS 278C.250; or

(c) The issuance of municipal securities and revenue securities described in paragraph (f) of subsection 1 of NRS 278C.280,

↪ only for an undertaking that is a ~~water project, the estimated cost of which exceeds \$50,000,000;~~ ***natural resources project or a rail project in relation to a qualified project,*** and only after approval by the Interim Finance Committee of a written request submitted by the municipality.

2. The Interim Finance Committee may approve a request submitted pursuant to this section only if the Interim Finance Committee determines that approval of the request:



(a) Will not impede the ability of the Legislature to carry out its duty to provide for an annual tax sufficient to defray the estimated expenses of the State for each fiscal year as set forth in Article 9, Section 2 of the Nevada Constitution; and

(b) Will not threaten the protection and preservation of the property and natural resources of the State of Nevada.

3. A request submitted pursuant to this section must include any information required by the Interim Finance Committee.

4. As used in this section, “qualified project” has the meaning ascribed to it in NRS 360.940 or section 10 of this act.

Sec. 56. NRS 278C.160 is hereby amended to read as follows:

278C.160 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, without limitation, 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 pertaining thereto, including:

(1) The last finalized amount of the assessed valuation of the taxable property in such area, and the amount of taxes, including in such amount the sum of any unpaid taxes, whether or



not delinquent, resulting from the last taxation of the property, based upon the records of the county assessor and the county treasurer; and

(2) If the undertaking is a ~~water project~~ *natural resources project or a rail project* for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157:

(I) The total amount of taxes imposed on the sale or use of tangible personal property in such area in the immediately preceding fiscal year, based upon the records of the Department of Taxation; and

(II) The total amount of taxes imposed pursuant to NRS 363A.130 and 363B.110 on employers in such area in the immediately preceding fiscal year, based upon the records of the Department of Taxation; and

(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 payable therefrom.

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 or other allowable borrowing instruments issued by the municipality in anticipation of tax proceeds to be credited to the tax increment account and payable wholly or in part therefrom;

(b) How the remaining portion of the expense of the undertaking, if any, is to be financed; and

(c) The basic security and any additional security for the payment of securities or other allowable borrowing instruments 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, any taxable personal property and the locations of any retailers and employers 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.

4. The engineer shall file with the clerk the preliminary plans, estimate of costs and statements.

5. Upon the filing of the preliminary plans, estimate of costs and statements with the clerk, the governing body shall examine the preliminary plans, estimate of costs and statements, and if the governing body approves of the preliminary plans, estimate of costs and statements, it shall by resolution provisionally order the undertaking.

Sec. 57. NRS 278C.170 is hereby amended to read as follows:

278C.170 1. In the resolution making the provisional order, the governing body shall set a time and place for a meeting to consider the ordering of the undertaking and hear all complaints, protests, objections and other relevant comments concerning the undertaking that are made in accordance with subsection 2. The time for the meeting must be at least 20 days after the date the governing body adopts the resolution that provisionally orders the undertaking.

2. The Federal Government, the State, any public body, any natural person who resides in the municipality or owns taxable personal or real property in the municipality, any retailer or employer, if applicable, that is located within the proposed tax increment area pertaining to the undertaking, or any representative of any such natural person or entity, may submit a complaint,



protest, objection or other comment about the undertaking before the governing body. If such an entity or person desires to submit a complaint, protest, objection or other comment about the undertaking for consideration by the governing body, the entity or person must:

(a) File a written complaint, protest, objection or other comment about the undertaking with the clerk at least 3 days before the date of the meeting described in subsection 1;

(b) Present an oral complaint, protest, objection or other comment about the undertaking to the governing body at the meeting described in subsection 1; or

(c) Present the complaint, protest, objection or other comment in the manner required pursuant to paragraphs (a) and (b).

3. Notice of the meeting described in subsection 1 must be given:

(a) To all persons on the list established pursuant to NRS 278C.180, by mailing;

(b) By posting; and

(c) By publication.

4. The notice must:

(a) Describe the undertaking and the project or projects relating thereto without mentioning minor details or incidentals;

(b) State the preliminary estimate of the cost of the undertaking, including all incidental costs, as stated in the preliminary plans, estimate of costs and statements of the engineer filed with the clerk pursuant to NRS 278C.160;

(c) Describe the proposed tax increment area pertaining to the undertaking, including:



(1) The last finalized amount of the assessed valuation of the taxable property in the area, and the amount of taxes, including in such amount the sum of any unpaid taxes, whether or not delinquent, resulting from the last taxation of the property, based upon the records of the county assessor and the county treasurer; and

(2) If the undertaking is a ~~water project~~ *natural resources project or a rail project* for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157:

(I) The total amount of taxes imposed on the sale or use of tangible personal property in the area in the immediately preceding fiscal year, based upon the records of the Department of Taxation; and

(II) The total amount of taxes imposed pursuant to NRS 363A.130 and 363B.110 on employers in the area in the immediately preceding fiscal year, based upon the records of the Department of Taxation;

(d) State what portion of the expense of the undertaking will be paid with the proceeds of securities or other allowable borrowing instruments issued by the municipality in anticipation of tax proceeds to be credited to the tax increment account and payable wholly or in part therefrom, and state the basic security and any additional security for the payment of securities or other allowable borrowing instruments of the municipality pertaining to the undertaking;

(e) State how the remaining portion of the expense, if any, is to be financed;

(f) State the estimated amount of the tax proceeds to be credited annually to the tax increment account pertaining to the undertaking during the term of the proposed securities or other



allowable borrowing instruments payable from such proceeds, and the estimated amount of any net revenues derived annually from the operation of the project or projects pertaining to the undertaking and pledged for the payment of those securities or other allowable borrowing instruments;

(g) State the estimated aggregate principal amount to be borrowed by the issuance of the securities or other allowable borrowing instruments, excluding proceeds thereof to fund or refund outstanding securities, and the estimated total bond requirements of the securities or other allowable borrowing instruments;

(h) Find, determine and declare that the estimated tax proceeds to be credited to the tax increment account and any such net pledged revenues will be fully sufficient to pay the bond requirements of the securities or other allowable borrowing instruments as they become due; and

(i) State the date, time and place of the meeting described in subsection 1.

5. All proceedings may be modified or rescinded wholly or in part by resolution adopted by the governing body at any time before the governing body passes the ordinance ordering the undertaking and creating the tax increment area and the tax increment account pertaining thereto pursuant to NRS 278C.220.

6. Except as otherwise provided in this section, a public body shall not make a substantial change in the undertaking, the preliminary estimates, the proposed tax increment area or other statements relating thereto after the first publication or posting of notice or after the first mailing of notice to the property owners, whichever occurs first, without additional notice and a hearing pursuant to this section. A public body may delete a portion of the undertaking and property



from the proposed tax increment area without notice and a hearing pursuant to this section. A subsequent final determination of the amount of assessed valuation of taxable property in the tax increment area or a subsequent levy or imposition of taxes does not adversely affect proceedings taken pursuant to this chapter.

7. The engineer may make minor changes in and develop the undertaking as to the time, plans and materials entering into the undertaking at any time before its completion. Any minor changes authorized by this subsection must be made a matter of public record at a public meeting of the governing body.

Sec. 58. NRS 278C.180 is hereby amended to read as follows:

278C.180 1. The governing body shall cause to be created a list of the names and addresses of all:

(a) Persons who reside within a proposed tax increment area and who own taxable property within a proposed tax increment area; and

(b) If the undertaking is a ~~water project~~ *natural resources project or a rail project* for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157:

(1) Retailers located within a proposed tax increment area; and

(2) Employers located within a proposed tax increment area.

↪ The names and addresses for the list may be obtained from the records of the county assessor, the Department of Taxation or from such other sources as the clerk or the engineer deems available. A list of such names and addresses pertaining to any tax increment area may be



revised from time to time, but must be revised at least once every 12 months if the list is needed for a period longer than 12 months.

2. If notice is required to be mailed pursuant to this chapter, the notice must be sent by prepaid, first-class mail, to the last known address of the person to whom the notice is being sent.

3. The mailing of any notice required in this chapter must be verified by the affidavit or certificate of the engineer, clerk, deputy or other person mailing the notice. Each verification of mailing must be filed with the clerk and be retained in the records of the municipality at least until all bonds and any other securities pertaining to a tax increment account have been paid in full, or any claim is barred by a statute of limitations.

4. A verification of mailing is prima facie evidence of the mailing of the notice in accordance with the requirements of this section.

Sec. 59. NRS 278C.250 is hereby amended to read as follows:

278C.250 1. After the effective date of the ordinance adopted pursuant to NRS 278C.220:

(a) Any taxes levied upon taxable property in the tax increment area each year by or for the benefit of the State, the municipality and any public body must be divided as follows:

(1) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of those taxing agencies upon the total sum of the assessed value of the taxable property in the tax increment area as shown upon the last equalized assessment roll used in connection with the taxation of the property by the taxing agency, must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid.



(2) Except as otherwise provided in this section, the portion of the taxes levied each year in excess of the amount determined pursuant to subparagraph (1) must be allocated to, and when collected must be paid into, the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness, whether funded, refunded, assumed or otherwise, incurred by the municipality to finance or refinance, in whole or in part, the undertaking. Unless the total assessed valuation of the taxable property in the tax increment area exceeds the total assessed value of the taxable property in the area as shown by the last equalized assessment roll referred to in this subsection, all of the taxes levied and collected upon the taxable property in the area must be paid into the funds of the respective taxing agencies. When the loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the taxable property in the tax increment area must be paid into the funds of the respective taxing agencies as taxes on all other property are paid.

(b) If the undertaking is a ~~water project~~ *natural resources project or a rail project* for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157, any taxes levied upon the sale or use of tangible personal property in the tax increment area each year by or for the benefit of the State, the municipality and any public body must be divided as follows:

(1) That portion of the taxes that would be produced by the rate upon which the tax is levied each year by or for each of those taxing agencies upon the total sum of the sales and use of tangible personal property in the tax increment area in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, must be allocated to and



when collected must be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other sales of tangible personal property are paid.

(2) Except as otherwise provided in this section, of the portion of the taxes levied each year in excess of the amount determined pursuant to subparagraph (1), 50 percent of that amount must be allocated to, and when collected must be paid into the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness, whether funded, refunded, assumed or otherwise, incurred by the municipality to finance or refinance, in whole or in part, the undertaking. The remaining 50 percent of that amount must be allocated to and when collected must be paid into the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other sales of tangible personal property are paid. Unless the total amount of the taxes imposed on the sale and use of tangible personal property in the tax increment area exceeds the total amount of the taxes imposed on the sale and use of tangible personal property in the tax increment area in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, all of the taxes levied and collected upon the sale or use of tangible personal property in the tax increment area must be paid into the funds of the respective taxing agencies. When the loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes upon the sale or use of tangible personal property in the tax increment area must be paid into the funds of the respective taxing agencies as taxes on all other taxes on the sale or use of tangible personal property are paid.



(c) If the undertaking is a ~~water project~~ *natural resource project or a rail project* for which the municipality has received approval from the Interim Finance Committee pursuant to NRS 278C.157, any taxes imposed pursuant to NRS 363A.130 or 363B.110 on employers located in the tax increment area must be divided as follows:

(1) That portion of the taxes that would be produced by the rate upon which the tax is imposed each year by the Department of Taxation in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, must be allocated to and when collected must be paid to the Department of Taxation as all other taxes imposed pursuant to NRS 363A.130 and 363B.110 are paid.

(2) Except as otherwise provided in this section, of the portion of the taxes imposed each year in excess of the amount determined pursuant to subparagraph (1), 50 percent of that amount must be allocated to, and when collected must be paid into, the tax increment account pertaining to the undertaking to pay the bond requirements of loans, money advanced to, or indebtedness, whether funded, refunded, assumed or otherwise, incurred by the municipality to finance or refinance, in whole or in part, the undertaking. The remaining 50 percent of that amount must be allocated to and when collected must be paid to the Department of Taxation as all other taxes imposed pursuant to NRS 363A.130 and 363B.110 are paid. Unless the total amount of the taxes imposed pursuant to NRS 363A.130 and 363B.110 on employers located in the tax increment area exceeds the total amount of the taxes imposed on employers located in the tax increment area in the fiscal year immediately preceding the effective date of the ordinance adopted pursuant to NRS 278C.220, all of the taxes imposed on employers located in the tax increment area must



be paid to the Department of Taxation. When the loans, advances and indebtedness, if any, and interest thereon, have been paid, all money thereafter received from taxes imposed pursuant to NRS 363A.130 or 363B.110 on employers located in the tax increment area must be paid to the Department of Taxation as all other taxes imposed pursuant to NRS 363A.130 and 363B.110 are paid.

2. ~~The~~ *Except as otherwise provided in subsection 2 of section 29 of this act, the* amount of the taxes levied each year which are paid into the tax increment account pursuant to subparagraph (2) of paragraph (a) of subsection 1, subparagraph (2) of paragraph (b) of subsection 1 and subparagraph (2) of paragraph (c) of subsection 1 must be limited by the governing body to an amount not to exceed the combined total amount required for annual debt service of or any outstanding advances of money or unfunded costs associated with the project or projects acquired, improved or equipped, or any combination thereof, as part of the undertaking.

3. Any revenues generated within the tax increment area in excess of the amount referenced in subsection 2, if any, will be paid into the funds of the respective taxing agencies in the same proportion as their base amount was distributed.

4. Except as otherwise provided in this subsection, in any fiscal year, the total revenue paid to a tax increment area pursuant to subparagraph (2) of paragraph (a) of subsection 1 in combination with the total revenue paid to any other tax increment areas and any redevelopment agencies of a municipality, other than any revenues paid to any other tax increment areas pursuant to subparagraph (2) of paragraph (b) of subsection 1 and subparagraph (2) of paragraph (c) of subsection 1, must not exceed:



(a) In a county whose population is 100,000 or more or a city whose population is 150,000 or more, an amount equal to the combined tax rates of the taxing agencies for that fiscal year multiplied by 10 percent of the total assessed valuation of the municipality.

(b) In a county whose population is less than 100,000 or a city whose population is less than 150,000, 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.

↪ Notwithstanding the provisions of this subsection, if a county has a population of less than 100,000 or if a city has a population of less than 150,000 at the time the municipality issues securities for a tax increment area pursuant to NRS 278C.280, the revenue limitation set forth in paragraph (b) must remain the revenue limitation for the tax increment area until such time as the securities issued for that tax increment area pursuant to NRS 278C.280 have been paid in full, including any securities issued to refund those securities, regardless of whether the population of the municipality reaches or exceeds 100,000 after the issuance of those securities.

5. If the revenue paid to a tax increment area must be limited pursuant to paragraph (a) or (b) of subsection 4 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 agency and area. Any revenue that would be allocated to a tax increment area but for the provisions of this section must be paid into the funds of the respective taxing agencies.

6. The portion of the taxes levied each year in excess of the amount determined pursuant to subparagraph (1) of paragraph (a) of subsection 1 which is attributable to any tax rate levied by a taxing agency:



(a) To produce revenue in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness that was approved by a majority of the registered voters within the area of the taxing agency voting upon the question, must be allocated to, and when collected must be paid into, the debt service fund of that taxing agency.

(b) In excess of any tax rate of that taxing agency applicable to the last taxation of the property before the effective date of the ordinance, if that additional rate was approved by a majority of the registered voters within the area of the taxing agency voting upon the question, must be allocated to, and when collected must be paid into, the appropriate fund of that taxing agency.

(c) Pursuant to NRS 387.3285 or 387.3287, if that rate was approved by a majority of the registered voters within the area of the taxing agency voting upon the question, must be allocated to, and when collected must be paid into, the appropriate fund of that taxing agency.

(d) For the support of the public schools within a county school district pursuant to NRS 387.195, must be allocated to, and when collected must be paid into, the appropriate fund of that taxing agency.

7. The provisions of paragraph (a) of subsection 6 include, without limitation, a tax rate approved for bonds of a county school district issued pursuant to NRS 350.020, including, without limitation, amounts necessary for a reserve account in the debt service fund.

8. As used in this section, the term “last equalized assessment roll” means the assessment roll in existence on the 15th day of March immediately preceding the effective date of the ordinance.



Sec. 60. NRS 278C.280 is hereby amended to read as follows:

278C.280 1. To defray in whole or in part the cost of any undertaking, a municipality may issue the following securities:

- (a) Notes;
- (b) Warrants;
- (c) Interim debentures;
- (d) Bonds;
- (e) Temporary bonds; and

(f) Upon the approval of the Interim Finance Committee pursuant to NRS 278C.157 ~~H~~ *for a purpose related to natural resources, as defined in NRS 350A.090*, municipal securities and revenue securities purchased by the State Treasurer in accordance with the provisions of chapter 350A of NRS.

2. Any net revenues derived from the operation of a project acquired, improved or equipped, or any combination thereof, as part of the undertaking must be pledged for the payment of any securities issued pursuant to this section. The securities must be made payable from any such net pledged revenues as the bond requirements become due from time to time by the bond ordinance, trust indenture or other proceedings that authorize the issuance of the securities or otherwise pertain to their issuance.

3. Securities issued pursuant to this section:

- (a) Must be made payable from tax proceeds accounted for in the tax increment account; and



(b) May, at the option of the municipality and if otherwise so authorized by law, be made payable from the taxes levied by the municipality against all taxable property within the municipality.

↪ The municipality may also issue general obligation securities other than the ones authorized by this chapter that are made payable from taxes without also making the securities payable from any net pledged revenues or tax proceeds accounted for in a tax increment account, or from both of those sources of revenue.

4. Any securities payable only in the manner provided in either paragraph (a) of subsection 3 or both subsection 2 and paragraph (a) of subsection 3:

(a) Are special obligations of the municipality and are not in their issuance subject to any debt limitation imposed by law;

(b) While they are outstanding, do not exhaust the debt incurring power of the municipality; and

(c) May be issued under the provisions of the Local Government Securities Law, except as otherwise provided in this chapter, without any compliance with the provisions of NRS 350.020 to 350.070, inclusive, except as otherwise provided in the Local Government Securities Law, only after the issuance of municipal bonds is approved under the provisions of NRS 350.011 to 350.0165, inclusive.

5. Any securities payable from taxes in the manner provided in paragraph (b) of subsection 3, regardless of whether they are also payable in the manner provided in paragraph (a) of subsection 3 or in both subsection 2 and paragraph (a) of subsection 3:



(a) Are general obligations of the municipality and are in their issuance subject to such debt limitation;

(b) While they are outstanding, do exhaust the power of the municipality to incur debt; and

(c) May be issued under the provisions of the Local Government Securities Law only after the issuance of municipal bonds is approved under the provisions of:

(1) NRS 350.011 to 350.0165, inclusive; or

(2) NRS 350.020 to 350.070, inclusive,

↳ except for the issuance of notes or warrants under the Local Government Securities Law that are payable out of the revenues for the current year and are not to be funded with the proceeds of interim debentures or bonds in the absence of such bond approval under the two acts designated in subparagraphs (1) and (2).

6. In the proceedings for the advancement of money, or the making of loans, or the incurrence of any indebtedness, whether funded, refunded, assumed or otherwise, by the municipality to finance or refinance, in whole or in part, the undertaking, the portion of taxes mentioned in subsection 4 of NRS 278C.250 must be irrevocably pledged for the payment of the bond requirements of the loans, advances or indebtedness. The provisions in the Local Government Securities Law pertaining to net pledged revenues are applicable to such a pledge to secure the payment of tax increment bonds.

Sec. 61. NRS 350A.090 is hereby amended to read as follows:

350A.090 “Purpose related to natural resources” means a purpose necessary, expedient or advisable for the protection and preservation of any property or natural resources of the State, or



for obtaining the benefits thereof, including without limitation water projects, sewer projects , *projects to protect and preserve the natural resources and property of the State from floods* and park projects which preserve natural landscape or wildlife habitat or both.

Sec. 62. NRS 350A.160 is hereby amended to read as follows:

350A.160 **1.** The Board shall not become obligated with respect to a particular lending project unless ~~it has~~ *the Board:*

(a) Has determined that the lending project is for a purpose related to natural resources and that the obligation to be incurred for the lending project will be exempt from the limitation on state debt set forth in Section 3 of Article 9 of the Nevada Constitution; or

(b) Has obtained judicial confirmation, in a proceeding pursuant to chapter 43 of NRS or another proceeding, that the obligation to be incurred for that project will be exempt from the State's debt limit. If an appeal is taken or the confirmation is otherwise reviewed, the obligation must not be incurred unless the exemption is affirmed by the court of last resort.

2. *The Legislature hereby finds that obligations issued as state securities which are general obligations, for which a Board determination has been made pursuant to paragraph (a) of subsection 1 or a judicial confirmation has been obtained pursuant to paragraph (b) of subsection 1, are necessary for the protection and preservation of the property and natural resources of this State and for the purpose of obtaining the benefits thereof, and the issuance of those securities constitutes an exercise of the authority conferred by the second paragraph of Section 3 of Article 9 of the Nevada Constitution.*

Sec. 63. NRS 353.207 is hereby amended to read as follows:



353.207 1. The Chief shall:

(a) Require the Office of Economic Development and the Office of Energy each periodically to conduct an analysis of the relative costs and benefits of each incentive for economic development previously approved by the respective office and in effect during the immediately preceding 2 fiscal years, including, without limitation, any abatement of taxes approved by the Office of Economic Development pursuant to NRS 274.310, 274.320, 274.330, 360.750, 360.752, 360.753, 360.754, 360.950, 361.0687, 374.357 or 701A.210, *or section 12 of this act*, to assist the Governor and the Legislature in determining whether the economic benefits of the incentive have accomplished the purposes of the statute pursuant to which the incentive was approved and warrant additional incentives of that kind;

(b) Require each office to report in writing to the Chief the results of the analysis conducted by the office pursuant to paragraph (a); and

(c) Establish a schedule for performing and reporting the results of the analysis required by paragraph (a) which ensures that the results of the analysis reported by each office are included in the proposed budget prepared pursuant to NRS 353.205, as required by that section.

2. Each report prepared for the Chief pursuant to this section is a public record and is open to inspection pursuant to the provisions of NRS 239.010.

Sec. 64. Chapter 533 of NRS is hereby amended by adding thereto a new section to read as follows:

1. If the Executive Director of the Office determines that a qualified project is an economic development priority of the State and that expedited determination of water rights in



the area in which the qualified project is located is necessary, the Executive Director of the Office may provide notice of the determinations to the State Engineer.

2. Upon receipt of the notice described in subsection 1, the State Engineer shall expedite action on any application for a permit to which the notice pertains.

3. Notwithstanding the provisions of this chapter to the contrary, if an application for a permit which is subject to the expedited process required by subsection 2 involves a water right which lies within a basin that shares a unique and close hydrological connection to another basin or basins and is managed jointly as a single source and supply of water with the other basin or basins pursuant to a decision of the State Engineer:

(a) The State Engineer is not required to consider the factors identified in paragraphs (a) to (d), inclusive, of subsection 3 of NRS 533.370 when acting on the application.

(b) Any action taken by the State Engineer with regard to the application or any permit issued as a result of the approval of the application is subject to protest and appeal only by a person who holds a right of earlier priority in such a basin or basins.

4. As used in this section:

(a) "Office" means the Office of Economic Development created by NRS 231.043.

(b) "Qualified project" means a qualified project as that term is defined in NRS 360.940 or section 10 of this act.

Sec. 65. The Legislature hereby finds that general obligation bonds issued under this act which are issued for a purpose necessary, expedient or advisable for the protection and preservation of the property or natural resources of the State, or for obtaining the benefits



thereof, including, without limitation, state general obligation bonds issued for water projects, sewer projects, and projects to preserve and protect the natural resources and property of the State from floods, are obligations necessary for the protection and preservation of the property and natural resources of this State and for the purpose of obtaining the benefits thereof, and the issuance of those state general obligation bonds constitutes an exercise of the authority conferred by the second paragraph of Section 3 of Article 9 of the Nevada Constitution.

Sec. 66. Notwithstanding the provisions of NRS 231.0695, for the purpose of any partial abatement of taxes authorized by section 11 of this act, the Office of Economic Development shall be deemed to have approved the partial abatement pursuant to section 12 of this act upon approval by the Executive Director of the Office of Economic Development.

Sec. 67. The Legislature hereby finds that each partial abatement provided by sections 2 to 18, inclusive, of this act from any ad valorem tax on property or excise tax on the sale, storage, use or other consumption of tangible personal property sold at retail:

1. Will achieve a bona fide social or economic purpose and the benefits of the abatement are expected to exceed any adverse effect of the abatement on the provision of services to the public by the State or a local government that would otherwise receive revenue from the tax from which the abatement would be granted; and

2. Will not impair adversely the ability of the State or a local government to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from the tax from which the abatement would be granted was pledged.



Sec. 68. The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 69. 1. This section and sections 1 to 32, inclusive, and 34 to 68, inclusive, of this act become effective upon passage and approval.

2. Sections 1 to 18, inclusive, of this act expire by limitation on June 30, 2032.

3. The amendatory provisions of sections 30, 31, 34, 42 to 46, inclusive, and 63 of this act expire by limitation on June 30, 2032.

4. Section 33 of this act becomes effective on July 1, 2032.

