

THE THIRD DAY

CARSON CITY (Friday), December 18, 2015

Senate called to order at 1:24 p.m.

President Hutchison presiding.

Roll called.

All present except Senator Smith, who was excused.

Prayer by Senator Joseph P. Hardy.

Our Father in Heaven,

We are grateful to be here amongst friends and family. We are appreciative of the responsibilities that we have, and we are aware of the personal grief that we all share, if I may, use the name, as Thou knowest each one of our names, Claire Clift and her family, and ask thy richest blessings to be with them as they ponder the reality of life that goes on after we are done with this one.

We pray during this season, many times, for peace on earth. May we have that peace here in this Chamber, down the hall, across the courtyard, through the city and through the State. May we find forgiveness. May we find tolerance. May we find acceptance with each other and everything that we are trying to do. We recognize that water comes from Thee and “living water” will be an important part of our lives. We pray that we might come to consensus and cooperation, that we will be able to make decisions that are appropriate and just that will allow our State and the people who live herein to flourish.

We ask now that we overcome our pride, that we recognize we all have good ideas and good intentions. We humbly pray now that Thou will guide us and many times allow us to hear what the other is saying so that we might take good ideas and put them together. Thou surely knowest our needs. We ask that we might be able to feel Thy Spirit guiding us so that we will know what solutions to do.

We are thankful especially for our families and for those that are far from us. We ask Thee to bless them, the things that we are missing and that they are missing us to participate in. We are grateful for this staff. We are thankful for the Legal Division. We are grateful for Brenda Erdoes and all of the people that work with her. We recognize in strident times, with strident voices, we need to have soft answers so that we might feel the gently nudging of Thy Spirit. We recognize that we are more easily judged when we move. Therefore, we pray that we might keep moving and have faith that the works that we have will bear good fruit.

We have been taught to pray at all times and over our flocks and fields, over our concerns and woes. Indeed this is our prayer that we plead: that we might be able to finish and allow a start to an opportunity that the State will enjoy, with all congregations and creeds, and recognize that we will have tried and done, as we have listened to Thee, something good. I pray that we might be able to enjoy the good fellowship that we have here through this remaining process.

I offer this prayer in the Name of Jesus Christ.

AMEN.

Pledge of Allegiance to the Flag.

Senator Roberson moved that further reading of the Journal be dispensed with, and the President and Secretary be authorized to make the necessary corrections and additions.

Motion carried.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Roberson moved that the Senate recess for one minute.

Motion carried.

Senate in recess at 1:30 p.m.

SENATE IN SESSION

At 1:32 p.m.

President Hutchison presiding.

Quorum present.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Roberson moved that the Senate resolve itself into a Committee of the Whole for the purpose of considering Senate Bill No. 1 and other matters pertaining to the State's economic development, with Senator Roberson as Chair and Senator Kieckhefer as Vice Chair.

Motion carried.

IN COMMITTEE OF THE WHOLE

At 1:33 p.m.

Senator Roberson presiding.

Senate Bill No. 1 and other matters pertaining to the State's economic development were considered.

The Committee of the Whole was addressed by Brittney Esquivel; Senator Roberson; Jason Weinman, Outreach Director, Libertarian Party of Nevada; Andrew Doughman, Las Vegas Global Economic Alliance; Paul Moradkhan, Las Vegas Metro Chamber of Commerce; Andrew Lea, Youth Coordinator, Libertarian Party of Nevada; Kenneth Evans, President, Urban Chamber of Commerce; Ryann Juden, Assistant City Manager, City of North Las Vegas; Darren Adair, Finance Director, City of North Las Vegas; Ed Garcia, Regional Transportation Commission of Southern Nevada; Mike Willden, Chief of Staff, Office of the Governor; Senator Ford; Senator Hardy; Senator Denis; Senator Farley; Senator Kihuen; Senator Spearman; Senator Settlemeyer; Steve Hill, Director, Governor's Office of Economic Development; Senator Kieckhefer; Senator Goicoechea; Senator Manendo; Senator Lipparelli; Peter Guzman, Latin Chamber, Las Vegas.

SENATOR ROBERSON:

Today we are going to start with public. Anyone in Las Vegas or here in Carson City that would like to give public comment, please come forward. I see a couple of individuals coming to the desk in Las Vegas. Welcome, please state and spell your name before beginning your testimony. Please proceed when ready.

BRITTNEY ESQUIVEL:

I want to speak about the part of the bill relating to water. The Ines Esquivel Family Trust owns Parcel No. 10313010004, just north of the existing Wells Travel Stop. Through the worst of the economy, we have fought for and struggled to keep this property in hopes of one day moving our small, family-owned business to the industrial park. In January 2008, an application was submitted to retain water on our property. We own eight acres, and we asked for two acre-feet of water. It took the State water resource engineers six and a half years to make a decision on the application. The response was there was no water to be had at the basin. Upon hearing recent discussions of the Faraday plan, it seems water has now appeared in the basin. We wonder how hundreds of acres of water came to light just in time for this new project? We are

not opposed to Senate Bill No. 1, we just wonder if it is fair that a billion-dollar organization gets special treatment. What do they have that we do not? Is it more money than the small business community is? We definitely believe the Faraday plant can be a positive for our community. We ask, if the law is changing for one business, that all denied applications be revisited and have an equal and fair opportunity for water to better expand the community as well.

SENATOR ROBERSON:

I appreciate your testimony. The water issues relating to this legislation will be heard in a proposed Assembly bill. That bill is still being drafted and will start in the Assembly. At some point, it will come back to the Senate. I encourage you to reach out to our staff. We would love to work with you and will do what we can to help you be in a position to obtain water to your property. Please communicate with the Legislative staff, and we will follow up with you on this.

JASON WEINMAN (Outreach Director, Libertarian Party of Nevada):

I am the Outreach Director for the Libertarian Party of Nevada. We are opposing the Faraday deal for a number of reasons. Originally, I was going to testify against this subsidy on the grounds it is a transfer of wealth from the poor to the rich. This is true of all the targeted tax exemptions and subsidies that go to major corporations and, obviously, their owners. But, on the advice of a member of this Body, I have made this a bit more technical. I am going to address the specific problem in the Applied Analysis report that claims the Faraday issue is going to be in the best interest of Nevada. This analysis was done using a direct input-output static model developed by a company called ENPLAN, Environmental and Geospatial Technologies. Static modeling, as a rule, counts the benefits but not the costs of any program. It essentially is a tautology. ENPLAN uses a computer program that inputs an algorithm on the basis of estimates that are either arbitrary, or backfit, on the basis of whatever the people who are entering the data consider to be similar examples. They then apply a multiplier, which is also backfit, based on what they consider to be similar examples.

In academic economics, as opposed to political economics, static modeling has not been used since the early 1940s. It is not generally considered to be reliable. The idea that it does not consider opportunity costs is contrary to some of the lessons of economics. In the case of Faraday, the fact it assumes that every dollar of government subsidy, or in this case a targeted tax exemption, does not come from anywhere else, is contrary to the central lesson of economics. Economies are based on real things and respond to laws of supply and demand. When you subsidize one industry, organization or firm over another—through a tax exemption or a subsidy—the processes that lead to innovation and efficiency, and allow us to drive down prices, drive up real wages, develop new products and get those new products to the people, are hampered by the lack of competition. For example, if you are interested in subsidizing an electric car company, the incentives on the mechanism for determining what processes and what technologies are going to be more efficient or more effective through competition and supply and demand, are subverted by the subsidy process. If I had a better technology than Faraday and could offer it more cheaply than Faraday, it would be difficult for me to bring it to market when Faraday has a major tax advantage. They can sell their more expensive, less efficient product for less money than I can because of the subsidies.

In the Applied Analysis static model, all of the State's and Faraday's spending is counted dollar-for-dollar and job-for-job, as though the alternative would be, there would be no spending at all. The money does not come from anywhere; the jobs do not come from anywhere, and the resources do not come from anywhere. In spite of the claim by Faraday there would be a net increase of 11,000 jobs, in this model, none of those people would be employed. None of the resources that go into the Faraday plan to the water, the energy or other resources would be used according to the static input-output ENPLAN model.

This is the same model used to sell eminent domain and stadium subsidies. These have been reviewed thoroughly in the literature. A meta-analysis from 2014, by Groothuis and others found 32 cases out of 35 stadium subsidies, many of which were promoted and sold under ENPLAN's modeling system, under-performed what they were guaranteed. Almost all of the studies included in the meta-analysis found the overall results of the stadium subsidies were negative. Eight of them found there was no offsetting positive impact. This means all the net consumption

and all of the jobs created by the stadium came from other sectors of the economy. The entire government subsidy, whether in the form of a tax subsidy like this one or direct subsidies, was a total loss. The result, in cities where the meta-analyses were studied or covered, was that people were generally worse off as a result of well-intentioned government officials who were relying on static modeling, specifically the ENPLAN system. Because of that and because this kind of government intervention in general makes it difficult for markets to coordinate human activity in the most productive ways that benefit all members of our society and especially the poor, the Libertarian Party of Nevada and I oppose this bill.

ANDREW DOUGHMAN (Las Vegas Global Economic Alliance):

I am with the Las Vegas Global Economic Alliance (LVGEA). The LVGEA's CEO Jonas Peterson had to return to Las Vegas and regrets his absence as we are deliberating these important matters for southern Nevada. The LVGEA is the regional development authority for southern Nevada. This is a public-private partnership that includes local communities and businesses. Our Board unanimously endorsed the proposal as presented by the Governor's Office earlier this month. Because this Body has already heard the details of that proposal from Steve Hill and the staff of the Governor's Office of Economic Development, I will make my remarks brief. Faraday Future will bring approximately 13,000 total jobs to the region in key industries that we are attempting to attract in technology and manufacturing. The State and local tax revenues and the series of triggers and thresholds the company must meet, including claw-back provisions for these transferable tax credits, all make this deal attractive for our entity and, we believe, for the region. One of the primary reasons we like this proposal is the infrastructure investments that will be made at the Apex Industrial Park. The Apex Industrial Park is one of the prime industrial parks in southern Nevada. It is a location and a site we feature in our tours when businesses are looking at the region. Part of our mission is growing the economy through business recruitment. In support of that economic diversification, we are often in consultation with different types of private sector businesses. Every week, we are taking clients to or advising them about the Apex Industrial Park. It has been difficult to get clients interested in that Park. There are reasons for that. The lack of infrastructure, the cost of infrastructure and the need for these businesses to be up and running with their operations in a timely manner prohibits us from effectively selling this industrial park to clients that would otherwise locate in southern Nevada and help us grow our economy. For that reason, the LVGEA Board took the position, prior to the language being drafted, to urge the Legislature to pass this bill and adopt this legislation. We want to help grow the economy of southern Nevada, get the necessary infrastructure improvements to the Apex Industrial Park and provide these tens of thousands of jobs to Nevadans.

PAUL MORADKHAN (Las Vegas Metro Chamber of Commerce):

The Metro Chamber's Government Affairs Committee has taken the position to support Senate Bill No. 1. The Metro Chamber is the largest and broadest business organization in the State. The Metro Chamber would like to thank many individuals that have allowed us to convene here, today, on this exciting opportunity for our State. We thank Governor Sandoval, Director Steve Hill and Mayor John Lee for all their efforts to help us discuss economic development efforts. The opportunity lies before us is a game changer for our State and for southern Nevada. This legislation will allow for the development of industrial areas such as Apex in southern Nevada. This industrial park will change the way businesses look at the region for possible relocation or expansion. It is about job creation for our community. The estimated economic overall impact is impressive in regards to job creation and dollars. This bill is about job creation, infrastructure investment and moving our economy forward. It is about opening the region up for large-scale manufacturing opportunities. This bill has the potential to benefit employers and employees. Direct and indirect job creation is significant in this bill. It will help move our workforce needs forward and put more Nevadans back to work. This bill will help large and small employers in our region. The Metro Chamber recognizes that this will take investment by the State, but we believe this legislation will result in economic prosperity for our region.

The Metro Chamber supports the accountability measures explained by GOED. The standards, the recording requirements, the thresholds and the legislation will provide necessary oversight for Nevada's taxpayers. We support those standards and mechanisms that have been

proposed. Having standards and thresholds are important safeguards and we believe that is essential to taxpayers. Due diligence is there. On behalf of our members, we hope that each of you will support this measure and embrace this opportunity for our State.

ANDREW LEA (Youth Coordinator, Libertarian Party of Nevada):

I am a student at the College of Southern Nevada and deeply involved in my community. I work with and for Students for Rand, The Libertarian Party of Nevada, the Environmental Science Club at the College of Southern Nevada, Young Americans for Liberty and Students for Sensible Drug Policy. I have lived in Nevada since I was ten years old. If there is one thing I have learned about the people of this State, it is that Nevadans stand among the most fiscally-responsible voters in this Nation. The Faraday deal is as crony as crony gets. If you think that we, the voting residents of the great State of Nevada, would be okay with paying hundreds of millions of dollars of tax breaks to an overseas company—we who feel severely betrayed after having voted down the margin tax with an overwhelming majority, only to have our legislative Body pass it through anyway—you are delusional. Using your power to benefit individual corporations is what we voters like to call corruption. We will not idly sit by while our Legislators get in bed with these billionaires. We will not sit by as you sell out Nevada taxpayers. Three million people will be left footing the bill. We have a most fiscally irresponsible "Republican" Governor, and a fiscally irresponsible right wing that seems happy to sell out their principles for political gain. The Democrats have a chance to stand up to Governor Sandoval and say "no" to this act of corporate welfare. We have two parties, that cannot agree on anything, coming together to give away our resources and money to a foreign corporation. And for what? To call yourselves job creators? Forcing 3 million people to subsidize hundreds of millions of dollars, with some billionaires across the ocean taking in the rake? This is not something Nevada voters will forget. This is not something we will forgive. Nevada will remember who the victor of this Session is, be it the people of Nevada or these crony lobbyists and fat cats. The ball is in your court. I can only ask—I can only beg this fine Senate—to do right by the people of Nevada. Let Faraday Future pay its own way. Let it pay its fair share. Do not let these fat cats freeloader off the backs of hardworking Nevadans.

KENNETH EVANS (President, Urban Chamber of Commerce):

The Urban Chamber of Commerce supports economic growth and development of the type outlined in Senate Bill No. 1. We recognize the major, positive financial impact this could have on North Las Vegas as well as the overall southern Nevada regional economy. The Urban Chamber and its businesses stand ready to work with Faraday and its partners to ensure a diverse group of small businesses benefit from the procurement opportunities that result. These same small businesses are in a position to, ultimately, help ensure a secure and diverse workforce contributes and participates in this historical economic effort. I can think of some of our small business owners, like Mueller Construction, Lewis K. Construction, E. & M. Enterprises, KMER Architects or Love Engineering, that can potentially participate and grow during the construction phase. It will not stop there. We have many professional and paraprofessional companies, like Career Creative Consultants and Sumnu Marketing. We have transportation companies that may provide limo or other types of transportation services. We have office suppliers that could participate on the backend during the ongoing operations of the plant.

Small businesses, being the majority employer for the State of Nevada, can create jobs and opportunities. We support Senate Bill No. 1. This is a great economic development effort, and we applaud the Governor, the Office of Economic Development, Mayor Lee, the City and staff of North Las Vegas for their efforts to bring Faraday to the State of Nevada. Thank you, again, in your consideration in this matter. We look forward in doing our part as the Urban Chamber and as the business members of the Urban Chamber to support this worthy endeavor to create a new Nevada and diversify our economy.

RYANN JUDEN (Assistant City Manager, City of North Las Vegas):

It is an honor to be here, today, before this Body. We are thankful for the work that has been put into this and the opportunity it provides to our community, region and State. We stand in support of Senate Bill No. 1. A little over a year ago, this Body passed Senate Bill No. 1 to provide an opportunity for northern Nevada. We saw an opportunity in North Las Vegas, and we

were able to take the tools created for economic development and use them to solve the problems we knew we had to try to solve on our own. Despite the fact North Las Vegas has been committed to trying to solve these problems on our own, we also understand the importance of the State as a whole. That is why, once again, we are seeking more tools and more support from the State in order for North Las Vegas to succeed.

A little over two years ago, when our team was assembled in North Las Vegas, the conditions were difficult. We inherited issues that are well documented and well known, and we started chipping away at those problems. We took a \$156-million, 7-year budget deficit and cut it down after our first year to a little over \$70 million, almost in half. Today, we are at a \$25-million, long-term budget deficit for North Las Vegas. That is something we believe will continue to decrease, although we understand Faraday does not offer immediate assistance with this because of the abatements.

These opportunities are important to our community as we continue to move in a direction that is positive. When our team first assembled in North Las Vegas and started diagramming and planning the challenges and how we were going to solve them, I am not sure we appreciated the significance of making sure North Las Vegas, as a city, was maintained and stayed intact. At the time, we thought there might have been other options, but it quickly became apparent to us that we had to solve the problems of North Las Vegas by ensuring it did not go into State receivership. That was important for the region, and it was important for the State. This legislation is one of the ways we have gone about solving that. It is an important tool for the City of North Las Vegas. We stand in support of Senate Bill No. 1 and appreciate this Body and all the work it has done.

Section 28, subsection 3, paragraph (a), subparagraph (4), is an area that causes some concern. This is language added by a State Constitutional Officer. This language further restricts North Las Vegas and our ability to solve some of our problems. I understand and appreciate this Body believes that North Las Vegas should have skin in the game, and we concur. Throughout the last few days, we have made multiple concessions and worked on different agreements with the Southern Nevada Water Authority (SNWA) and other regional partners to ensure this project moves forward. More importantly, Apex is opened up for other opportunities we are working on and that the Governor's Office is working on to bring more job creators and economic diversification to our area. We will be proposing an amendment to your colleagues on the other side of the building that provides a little bit of relief for North Las Vegas. It allows us, as we move forward, to work ourselves out of our problems but remain with some skin in the game. I want to, again, thank this Body. I appreciate the deliberative nature that you have gone about looking at this bill and working with us. We appreciate all you have done and ask you to support it.

DARREN ADAIR (Finance Director, City of North Las Vegas):

My colleague, Mr. Juden, was eloquent and succinct in what he said about our situation and our support. The City is in favor of Senate Bill No. 1 but also has a concern. As the financial director, I wanted to make sure I reiterated that to you. The City clearly understands that section 28, subsection 3, paragraph (a), subparagraph (4) marshals the security and guarantees behind the bond issuances being considered in this package. The project and landowners stand before the City, and the City stands before the State. That is a natural position to be in, and we understand that. We also understand, per discussions with our bond Counsel and understanding our financial situation as a city, that being placed in the second position and having the potential for liability under that of up to \$200 million will reduce the City's ability to have tools to obtain capital funding and or other SID (Special Improvement District) projects in the near term to support residential growth or this kind of project.

What we proposed in the other Body is an amendment. We ask that there be an allowance of about \$50 million with the uncommitted balance of the General Fund being considered as a pledge by the City. This will allow the City some room to address its stress-capital infrastructure. The City has worked hard over the last couple of years by reducing positions, consolidating departments and creating efficiencies to improve its financial condition. It has pushed out repairs and other necessary improvements such as software implementations, to get to a financial position where we can stand in front of you, today, and not be in receivership. It is

critical we have the ability to have \$50 million worth of breathing room in this plan. Under the City's current financial situation, there is not much room.

Standing behind \$175 million or \$200 million of debt, we realize this is not in the first position. During the early stages of this project, there is the greatest risk. This is when the City would not have the ability to have those discussions with creditors. We ask you to consider that as we move forward. We are grateful as we have observed the efforts of GOED, Steve Hill and all the people who have been involved these past days in this Body. We are grateful for those efforts; we are grateful for the concessions we have been able to accomplish here, and we appreciate your time.

ED GARCIA (Regional Transportation Commission of Southern Nevada):

Thank you, Senators, for hearing me today. I will be brief. On behalf of the Regional Transportation Commission (RTC) of Southern Nevada, we want to first and foremost express our support for this proposal. We look forward to being a collaborative partner in providing the freight-rail construction, operation and maintenance. The legal question we had coming into these hearings was if there would be a possible impact from this bill on existing RTC of Southern Nevada funding. Based on the testimony we heard yesterday and some of the answers, we are comfortable that the existing funding from the Regional Transportation Commission, which deals with roadways and other things, will not be impacted with the increased obligation of handling the freight-rail portion of this project.

SENATOR ROBERSON:

We will continue with testimony on the amended language to S.B. No. 1.

MIKE WILLDEN (Chief of Staff, Office of the Governor):

I will walk through and highlight the amendments we have worked on over the last day. I will reference the sections in which we are making amendments. Section 11 dealt with Nevada residency and proof of residency. There was discussion yesterday during the presentation to add language beyond having a driver's license or ID (identification) card and if you own a vehicle, registration.

SENATOR FORD:

We were working on an amendment to this bill ensuring that Nevadans, primarily, get these jobs. On page 8 of the amendment, subsection 5, lines 49-52, an inadvertent addition that was not intended to be included. I suggest we strike that particular provision from this amendment, and the amendment thereafter is as intended. It talks about documents being issued by a governmental agency indicating that the employee is a recipient of Medicare, Medicaid or public assistance that is defined in NRS and indicates a residential address is located in this State, which is dated within 60 days immediately preceding the hiring of the employee. That was never intended to be included in this amendment. It was a miscommunication so we are going to be removing that by amendment if it is the will of this Body. The remaining sections are intended to be in the amended version.

SENATOR ROBERSON:

I am in agreement with Senator Ford on this issue. Mr. Willden and Mr. Hill will walk us through section 4, page 8. Please keep in mind it was not the intent of Leadership of either party to include section 4, subsection (a), subparagraph (5).

MR. WILLDEN:

Thank you, again, Mr. Chair. On page 8, section 11, subsection 4, the change in the residency provision would be one of two things: a current, valid Nevada driver's license or ID card and any one of the five following things, minus the Medicaid, Medicare, Public Assistance language. The items would be: a current driver's license, a rent or lease of a residence contract, a public utility bill, a credit card statement, papers from an insurance company,—records or receipts from a medical provider indicating residency. You then have the "or" language if you have a Nevada driver's license or ID that is issued more than 60 days ago. You have the either/or language: current identification and one of those five documents or a driver's license more than 60 days old.

SENATOR ROBERSON:

Thank you, Mr. Willden. Does anyone have any questions regarding this proposed amendatory change to the bill?

SENATOR HARDY:

Is the driver's privilege card considered an identification card in this case?

SENATOR ROBERSON:

I think it is clear that we are talking about a driver's license or ID card. The term "identification card" would be broadly defined by the Legal Counsel Bureau, but we can have them answer that question. Is there a specific point you are making with this question?

SENATOR HARDY:

My colleagues have brought that up. If we include that, then it would be inclusive of people who may already be working. They may be able to continue work for a contractor who is doing something. But, we had a statute passed that maybe the driver's privilege card could not be used as an identification card. I would look to my colleagues for that consensus.

SENATOR ROBERSON:

We can look at that. I think the intent is that someone who is legally authorized to work in this State has identification from the State to verify that they are a resident of this State. I am happy to entertain further discussion on this.

SENATOR DENIS:

In order for that to happen, if you would want to include the driver's authorization, it would have to be delineated. It is specific in the statute that that is a type of license. I do not believe that this would include that. There are some, based on the comment the Chair just made, that are here with a Green Card (Permanent Resident Card) perhaps, that have proven residency and use that as an ID to work. That seems to be excluded from this definition. I do not know how that works here. That is something we noticed. Because it specifically says a Nevada driver's license or ID, it does not include a federal ID such as a Green Card.

SENATOR ROBERSON:

We are trying to make sure more Nevadans have the opportunity to work on this project. We are trying to identify ways in which potential employees at the site can prove they live in Nevada. That is why we have expanded this beyond a driver's license or ID card, which was the original language in the bill. We have included a requirement to have one of a number of additional pieces of documentation. These are to prove a person did not just move here, yesterday, and obtain a driver's license to qualify as a resident of Nevada and, therefore, obtain a job here in Nevada. Alternatively, we have said if you cannot, for various reasons, satisfy the documentation requirement outlined in section 11, subsection 4, paragraph (a), you can show you have had a Nevada driver's license or ID card for at least 60 days. That tells us you are a resident and you have been living here an extended period of time. You are not simply trying to pretend to be a Nevadan by coming here, going down to DMV (Department of Motor Vehicles), getting a driver's license and stating you live in Nevada. That is the motivation behind this. It sounds like we have a little more work to fine-tune this language. We will consult with Legal on that.

SENATOR HARDY:

When I look at the definition as a whole, I see one part is the driver's license or identification card. The identification given by the DMV would be inclusive because it is not "a license." It is an identification card de facto. Anyone with a Green Card probably has some sort of registration if they are indeed working. They probably have a receipt showing where they stay or have a power bill somewhere or perhaps a credit card statement or a document showing they are insured. The overlap is adequate, in my own mind, for the Green Card issue. The ID card gets the driver's privilege card.

SENATOR ROBERSON:

Thank you, Senator Hardy. I will say, in addition to the requirements outlined in this bill, the potential employee for this project still has to be otherwise eligible to work here in the State of Nevada.

SENATOR FARLEY:

I was reading subparagraph (1) where it lists a current valid Nevada's driver's license. Subparagraph (2) starts out the same way but adds the 60 days. Is there an intended difference there, with the 60 days, or is it a redundant requirement?

SENATOR ROBERSON:

We are going to expect someone who is hired on this project, aside from the requirements in this section, is legally authorized to hold a job and be employed in Nevada. In addition, we are asking for a driver's license or other identification that proves this individual lives in Nevada. We also are asking for one of the items Mike Willden listed. Alternatively, if they cannot procure one of those additional pieces of identification, the individual can provide evidence they have had a Nevada issued driver's license or ID card for at least 60 days prior to being hired on to the job. We are trying to show that someone has actually resided here for a certain period of time.

SENATOR FARLEY:

I wanted to make sure it is not redundant. The 60-day requirement is what made that subparagraph (2) different.

SENATOR KIHUEN:

I would like to further clarify Senator Hardy's and Senator Denis' point. A Permanent Resident Card is a government-issued ID given to someone who is here legally. It is a permit for them to work. Would that qualify as a form of identification, assuming that they meet one of the other residency criteria in the bill?

MR. WILLDEN:

I can only go by my reading of the bill and discussions we have had so far. The bill says the identification must be issued by the DMV. It lists forms of driver's licenses or ID cards issued by the DMV. There are documents that funnel into what DMV looks at to issue one of those cards, but it is specific as the documents required for this bill. It specifies a Nevada driver's license or ID issued by DMV.

SENATOR KIHUEN:

The Permanent Resident Card is not issued by DMV, but it is an official government ID, issued by the Department of Homeland Security. How does this card fit into this scenario? If someone has a Permanent Resident Card, but they meet the other criteria, would they be turned down because the Permanent Resident Card is not a DMV-issued ID?

MR. WILLDEN:

No one is being turned down for project work based on this criteria. This is section only describes whether or not an individual is countable as a Nevada resident for the employee count related to abatements. The way we have constructed this, with working with your staff, it says it has to be a form of identification issued by the DMV. If a person has a Green Card, and it is not issued by DMV, it would not fall into the descriptors listed.

SENATOR KIHUEN:

Can we include language saying "issued by the DMV or by a government entity"?

SENATOR ROBERSON:

Let us take a step back and think about how we got here. We are trying to make sure at least 50 percent of the workers on this project are Nevada residents, so that begs the question you are asking. Is a person holding a Permanent Resident Card considered to be a resident of Nevada? We are trying to make sure the majority of the jobs on this project are given to Nevadans.

SENATOR KIHUEN:

We can all agree we want at least 50 percent of the jobs given to Nevadans. I am concerned about the person who has been here for many years, but the only ID they have is a Permanent Resident Card for whatever reason. Perhaps they do not drive or qualify for a driver's authorization card but hold a Permanent Resident Card which is not given by the DMV. The individual has been here for two years. They also have proof of residency as far as paying rent and any documents that are required here. My question is, even if they have been living here for more than six months—two or three years—are they not going to qualify because their form of identification is not issued by DMV?

SENATOR ROBERSON:

This again begs the question, are those individuals considered, under the law, to be Nevada residents? We can talk to Legal about that and can spend some time working on it. It is important that we move through the other amendments. We can circle back on this issue. I do not think we will resolve it here and now.

SENATOR KIHUEN:

I am just trying to get clarification. If we can further discuss this in private, we may get clarification and come up with language that can fix this.

SENATOR SPEARMAN:

I have one concern. One thing we wanted to do with this legislation was to make sure we provided opportunities for veterans. For example, someone leaves active duty and retires in New York. They move to Nevada. They only have been here three days, but they want to apply for one of these jobs. Should we add language that makes veterans exempt from the residency requirement of 60 days?

This would be similar to legislation we passed in 2013 for veterans related to exemptions to the residency requirements regarding out-of-state fees at our universities. I do not see that explicitly in this bill. We might want to add language that states those who are coming back from active duty, retiring or some other veteran status would be exempt from this requirement.

SENATOR ROBERSON:

I appreciate that and believe we need to take that under consideration as we are deliberating this issue. We need to talk about this some more. We want to make sure we have given every opportunity to our veterans to take part in this project.

SENATOR SETTELMAYER:

I would like to ask Mr. Hill about the requirements of the driver's license. For the Tesla deal, we had just the driver's license. At that time, there was no discussion of any of these other aspects. It would be rather strange to have completely different rules for a project in the north versus one in the south. I am curious about the requirements for that deal.

STEVE HILL (Director, Governor's Office of Economic Development):

The blue language in the proposed bill is directly from S.B. 1 approved in the last Special Session. That was the language you approved last year. The law that governs economic development evolves as we learn.

SENATOR SETTELMAYER:

Then, my answer is that this language, even though it was just a Nevada driver's license, stood and no one was concerned with it even during last Session?

SENATOR ROBERSON:

We will revisit this issue. Now, we are going to move on to the next changes in the bill.

MR. WILLDEN:

There are several minor changes on pages 9, 10, 11 and 12 that involve name changing and bill cleanup by your bill drafting staff. I am going to skip over those. The next place I am going to go is page 17.

SENATOR KIECKHEFER:

Before Mr. Willden moves on, there was a substantive change on page 12 that extended the applicability of the transferable tax credits for an extra biennium. Why was that change made? I assume it was for flexibility in case there was a delay in the project, that they could be exhausted.

MR. HILL:

Yes, that is correct. That mirrors the same content from S.B. 115 passed in the last Legislative Session. It provides the transferable tax credits to be available for the first five years but gives the company seven years in which to earn them.

SENATOR GOICOECHEA:

It is my understanding that gaming and mining cannot apply for the abatements that are offered in Senate Bill No. 1, is that correct?

MR. HILL:

Yes, that is correct. Exclusions are delineated in the statutes for certain industries that are not eligible to apply for abatements. These include gaming, mining, health care, equipment, public utilities. There are four or five exclusions with gaming and mining being two of them.

SENATOR GOICOECHEA:

Thank you, I wanted to get that on the record. I have some people concerned about some big mining projects.

MR. WILLDEN:

The new, revised bonding language at on the bottom of page 17 implements what we discussed yesterday. The revenues pledged from the special improvement districts, SIDs, or the TIAs (tax increment areas) are pledged to pay the bond. That is the first line of defense.

The second line of defense comes from North Las Vegas having skin in the game. The language in this amendment states if the pledged revenue streams underperform, the City or the entity, in this case the local government, would be on the line for their uncommitted balance of general funds. That would be determined and audited by the Department of Taxation. That is a specific request from the Treasurer's Office and others. The revenue stream first is the SIDs and the TIAs. The next backstop is local government's uncommitted balance. The ultimate backstop is the State General Fund.

SENATOR FORD:

Yesterday, we discussed that no property tax rates would be increased by virtue of the inclusion of this provision. Is that the correct understanding?

MR. WILLDEN:

That is correct. Look at lines 43 and 44.

SENATOR SPEARMAN:

For further clarification, these provisions represent worst-case scenarios. Everything would have to "go south" before this would happen, is that correct?

MR. WILLDEN:

That is correct. We feel confident the revenue streams coming out of both the SIDs and the TIAs are adequate to pay the bonds.

The next change is on page 18. We are suggesting language be added in the bonding process and in the total capping authority, that any one project be capped at \$175 million. We talked about that yesterday. There could be total authority of \$200 million. That gives flexibility if there is another project. As the bonds are paid down from \$175 million, you may have more headroom at a later date. The total authority available for these types of economic development and financing agreement projects would be \$200 million. We have discussed this with the Treasurer's Office and have worked out those issues.

The next change is on page 22, on lines 34, 35 and 36. This change deals with the discussion about the GOED Director having sole discretion to make changes to agreements. This changes the language to state: upon approval of the GOED Board.

Page 23 clarifies language about power projects. It identifies a qualified project. Page 24, lines 15 and 16, also address the concern about sole discretion of the Executive Director. We have added the language: “on approval of the Board.”

The next significant change is on page 27, section 47. This is clarifying language stating that the Commission, RTC in this case, may acquire, construct, approve, maintain or operate as projects are done. It adds language to contract for the construction or operation. It provides more flexible language.

The sole-discretion language has been eliminated on page 28. The clarifying language on page 29 deals with natural resource projects versus rail projects. We discussed yesterday what constitutes a natural resource project or the water, sewer and storm project. This clarifies that language.

The last two changes are on page 37. A new section has been added, section 60.5. This was added due to robust discussion over the last 24 hours about selling and issuing bonds. There are multiple ways this can be done. One of the ways is through the municipal bond bank. There was a question about whether the SIDs and the revenues from those SIDs could be pledged in the municipal bond bank process. We have asked your staff to clarify this. The addition of subsection 6, assures the revenues from the SIDs can be pledged in the municipal bond bank process.

The last change I would highlight is section 64, which is the water issue. This has been eliminated from this bill. It will be addressed separately.

SENATOR ROBERSON:

In a moment, we are going to recess and have Legal to look at the Nevada resident issue again from section 4. Do the members of this Committee have questions about any other amendatory provisions in Amendment No. 2?

SENATOR MANENDO:

I have a question about the municipal off-roads. These are the roads you would be on when you get off the fly-over. Who is going to be paying for these roads that would lead into Apex, the roads that are not built?

MR. HILL:

Those would be paid for by the landowners through the SID.

SENATOR MANENDO:

Is that something new that would take place because it is public property? Usually those are financed through the public through our gas tax. Is that correct?

MR. HILL:

Often in a development, developers or landowners are asked to contribute all or a portion of the cost of the infrastructure for that development to take place. That infrastructure, at times, is relinquished to a city, county or regional entity to manage and maintain. In this situation, that relinquishment may happen in the future if it becomes dedicated as a public road. Landowners on those side roads are typically required to pay their cost of construction of those roads. The concept is not atypical. The method to allow it to take place is different in this bill.

SENATOR ROBERSON:

While we were considering Amendment No. 2 to Senate Bill No. 1, we identified an issue with section 11, subsection 4, of the bill. We also identified an issue with regard to mining and gaming companies as to whether they would be included or able to avail themselves of Senate Bill No. 1. We have addressed both those issues in Amendment No. 4 to Senate Bill No. 1. I will now ask Steve Hill and Mike Willden to provide additional testimony on these two changes to the bill.

MR. WILLDEN:

The residency definition has changed so there will be a two-step process, or two ways you can be counted as Nevada resident for the project. The first is if someone has a Nevada driver's license or an ID issued more than 60 days prior to employment. This would allow them to be counted as a Nevada resident on the project. The second is if you are a veteran of the United States Armed Forces and hold a current Nevada Driver's License or ID but it does not have to be 60-days old. Just having a current Nevada driver's license or ID card satisfies this requirement for veterans. There was discussion earlier about whether a card Driver's Authorization Card (DAC) counts as a driver's license. My understanding from Counsel is it does not.

SENATOR ROBERSON:

That is correct. A DAC was created as a result of legislation passed in 2013 through S.B. 303. That bill made it clear that a DAC shall not be used to determine eligibility for any benefits, licenses or services provided by this State or its political subdivisions. A DAC cannot be used for identification. The requirement for this bill remains, a Nevada driver's license or Nevada ID card issued by the Nevada DMV. The same reasoning would apply to a Green Card. If someone had a Green Card, if they qualify, they could obtain a driver's license or ID card from the DMV. Only if they receive one of those two documents from the DMV would they be eligible under this section.

I want to thank Senator Spearman for the great idea on the veterans' portion of this bill. I want to thank Senator Farley for streamlining this and making clear that unless you are a veteran, you have to have a driver's license or an ID card for a period of 60 days before your hire date on this project. Those are good changes.

We will now discuss the second change. This is on page 21 of Amendment No. 4, section 33.5.

MR. HILL:

Senator Goicoechea asked whether the provisions of this bill would apply to the gaming and mining industry. I answered that would not be the case. With the respect to the sales tax, they would not. This is found in NRS, chapter 374. The interpretation of our office has been that is a prohibition that applies to other abatements. That policy has been implemented by the office and the Board for longer than GOED has existed. That prohibition is currently not listed in the property tax statute or the modified business tax statute. To make it clear, those industries are not eligible for these abatements or incentives; this language has been inserted into the bill.

SENATOR LIPPARELLI:

It is important to put legislative intent on the record. Given the myriad of business structures that can exist in and around these kind of projects—namely OPCO (operating company) and PROPCO (property company) structures—that the intent of the Legislature is for it to apply to a project that might incorporate a casino that pays taxes under NRS 463.370 so that no one could potentially try to interpret our intent to mean they could structure the project in such a way to create corporations to avoid the limitations imposed by this intended language. I want to make that clear that that is what we are trying to accomplish. That is what I believe this language says.

SENATOR ROBERSON:

Thank you, Senator Lipparelli. Well said and I agree. Is there any further discussion on Senate Bill No. 1 or Amendment No. 4 to Senate Bill No. 1?

SENATOR SPEARMAN:

I agree with the language that has been set forth in section 33.5. The caveat for that would be, after we do this with other electric car companies, one of the key factors is their batteries. These batteries are lithium. I would hope, at some point in time, we would begin to explore an opportunity agenda to take advantage of that. Nevada is the only state that has lithium in North America. This could potentially be a game changer because not only would we be able to mine it but we would also be able to process it. I agree with the language as set forth here. I want to make the caveat. I hope we will begin to take advantage of this opportunity to explore further this potential business in Nevada.

Senator Kieckhefer moved to amend and do pass Senate Bill No. 1.

Senator Kihuen seconded the motion.

Motion carried. Senator Gustavson voted no.

PETER GUZMAN (Latin Chamber, Las Vegas)

On behalf of the Latin Chamber, I want to say we whole heartily support this effort. We thank everyone who is working hard to create more jobs and to create economic development, especially here in North Las Vegas and in Las Vegas in general. I commend everyone for their hard work and want the record to reflect we support all the efforts that are being put forth here, today.

On the motion of Senator Settelmeyer, seconded by Senator Harris, the Committee did rise, return and report back to the Senate.

SENATE IN SESSION

At 8:39 p.m.

President Hutchison presiding.

Quorum present.

REPORTS OF COMMITTEES

Mr. President:

Your Committee of the Whole, to which were referred Senate Bill No. 1 has had the same under consideration, and begs leave to report the same back with the recommendation: Amend, and do pass as amended.

MICHAEL ROBERSON, *CHAIR*

MESSAGES FROM THE ASSEMBLY

ASSEMBLY CHAMBER, Carson City, December 18, 2015

To the Honorable the Senate:

I have the honor to inform your honorable body that the Assembly on this day passed, as amended, Assembly Bill No. 1.

CAROL AIELLO-SALA
Assistant Chief Clerk of the Assembly

INTRODUCTION, FIRST READING AND REFERENCE

Assembly Bill No. 1.

Senator Kieckhefer moved that the bill be referred to the Committee of the Whole.

Motion carried.

GENERAL FILE AND THIRD READING

Senate Bill No. 1.

Bill read third time.

The following amendment was proposed by the Committee of the Whole:

Amendment No. 4.

SUMMARY—Revises provisions relating to commerce.

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~~ for a qualified project; authorizing a regional transportation commission in a county in which a qualified project is located to ~~conduct~~ acquire, construct, improve, maintain and operate a project to provide freight rail service ~~and to exercise the power of eminent domain for such a project under certain circumstances;~~ or contract for the construction or operation of such a project; 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.~~ provides that: (1) if the revenues from areas or districts which are pledged for the repayment of the bonds issued by the State of Nevada to finance projects are insufficient to pay any amount due on the bonds, before such sums are paid from the State General

Fund, the local government creating the area or district must pay the sum to the extent money is available in the uncommitted balance of the general fund of the local government; and (2) the payment of sums by a local government is not secured by a pledge of the taxing power of the local government. 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 in an amount exceeding \$175,000,000 for each agreement or if the total amount of outstanding bonds issued pursuant to such agreements would exceed ~~[\$175,000,000.] \$200,000,000.~~

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 ~~[-] for the qualified project.~~

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. or contract for the construction or operation of such a project.

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 in relation to a qualified 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~~ :

(1) Current and valid Nevada driver's license of the employee originally issued by the Department of Motor Vehicles more than 60 days before the hiring of the employee or a current and valid identification card for the employee originally issued by the Department of Motor Vehicles ~~f~~ more than 60 days before the hiring of the employee; or

(2) If the employee is a veteran of the Armed Forces of the United States, a 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~~ Nevada 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~~ Nevada 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~~ Nevada 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~~ Nevada 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, ~~for~~ 2022-2023, 2023-2024 or 2024-2025, 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~~ Nevada 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 other 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;]~~ law, if the revenues from any districts or areas created for the purpose of financing the infrastructure projects identified in the proposal which are pledged for the repayment of the general obligation bonds of the State issued pursuant to section 29 of this act are insufficient to pay any sums coming due on the bonds, before such sums are paid from the State General Fund, the local government that created the districts or areas shall promptly pay such sums to the extent of the money available in the uncommitted balance of the general fund of the local government. If the money available in the uncommitted balance of the general fund of the local government is insufficient to pay the sums coming due on the bonds, the remainder of such sums must be paid in accordance with the State Securities Law. The payment of any sums by a local government pursuant to this subparagraph is not secured by a pledge of the taxing power of the local government. For the purposes of this subparagraph the uncommitted balance of the general fund of a local government is the uncommitted balance as determined by the Department of Taxation.

~~(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. f; 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.

5. 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~~ but shall not issue bonds in an amount that exceeds \$175,000,000 for each economic development financing agreement or have outstanding at any time bonds issued pursuant to this section in an amount that exceeds ~~[\$175,000,000.]~~ \$200,000,000. 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; ~~or~~
- (g) An abatement of taxes pursuant to NRS 360.950 on or before June 30, 2036 ~~but~~; 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 or 360.754, *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. 33.5. NRS 231.053 is hereby amended to read as follows:

231.053 After considering any pertinent advice and recommendations of the Board, the Executive Director:

1. Shall direct and supervise the administrative and technical activities of the Office.

2. Shall develop and may periodically revise a State Plan for Economic Development, which ~~must~~:

(a) Must include a statement of:

~~(a)~~ *(1)* New industries which have the potential to be developed in this State;

~~(b)~~ *(2)* The strengths and weaknesses of this State for business incubation;

~~(c)~~ *(3)* The competitive advantages and weaknesses of this State;

~~(d)~~ *(4)* The manner in which this State can leverage its competitive advantages and address its competitive weaknesses;

~~(e)~~ *(5)* A strategy to encourage the creation and expansion of businesses in this State and the relocation of businesses to this State; and

~~(f)~~ *(6)* Potential partners for the implementation of the strategy, including, without limitation, the Federal Government, local governments, local and regional organizations for economic development, chambers of commerce, and private businesses, investors and nonprofit entities ~~;~~; *and*

(b) Must not include provisions for the granting of any abatement, partial abatement or exemption from taxes or any other incentive for economic development to a person who will locate or expand a business in this State that is subject to the tax imposed pursuant to NRS 362.130 or the gaming license fees imposed by the provisions of NRS 463.370.

3. Shall develop criteria for the designation of regional development authorities pursuant to subsection 4.

4. Shall designate as many regional development authorities for each region of this State as the Executive Director determines to be appropriate to implement the State Plan for Economic Development. In designating regional development authorities, the Executive Director must consult with local governmental entities affected by the designation. The Executive Director may, if he or she determines that such action would aid in the implementation of the State Plan for Economic Development, remove the designation of any regional development authority previously designated pursuant to this section and declare void any contract between the Office and that regional development authority.

5. Shall establish procedures for entering into contracts with regional development authorities to provide services to aid, promote and encourage the economic development of this State.

6. May apply for and accept any gift, donation, bequest, grant or other source of money to carry out the provisions of NRS 231.020 to 231.139, inclusive, and 231.1573 to 231.1597, inclusive.

7. May adopt such regulations as may be necessary to carry out the provisions of NRS 231.020 to 231.139, inclusive, and 231.1573 to 231.1597, inclusive.

8. In a manner consistent with the laws of this State, may reorganize the programs of economic development in this State to further the State Plan for Economic Development. If, in the opinion of the Executive Director, changes

to the laws of this State are necessary to implement the economic development strategy for this State, the Executive Director must recommend the changes to the Governor and 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~~ *Assembly Bill No. 17, chapter 158, Statutes of Nevada 2015, at page 701*, 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.~~ upon approval of the Board of Economic Development.*

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 for the qualified project or a fire protection project ~~for the qualified 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.~~ upon approval of the Board of Economic Development.*

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~~ *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~~ *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 *or 374.111* and *NRS 374.190 or 374.191* 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. 45.5. 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 or 374.111 and NRS 374.190 or 374.191 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. ~~4.~~

~~—(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:

~~[1.]~~ (a) Be made not less frequently than monthly; and

~~[2.]~~ (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 paragraph (a) of 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 or contract for the construction or operation of 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, construction contracts, maintenance agreements and other similar agreements with any person authorizing or regulating use, operation, construction 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) *Acquire real and personal property by purchase, lease, easement or other means appropriate to a freight rail service; and*

(e) *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 [, or for];~~

~~(b) For any [other] purpose related to public mass transportation [.] ; 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.]~~

~~(Deleted by amendment.)~~

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.~~ upon approval of the Board of Economic Development.

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~~ or a natural resources 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 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 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 ~~+~~ *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 incurrance 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. 60.5. NRS 350A.070 is hereby amended to read as follows:

350A.070 “Municipal securities” means notes, warrants, interim debentures, bonds and temporary bonds validly issued as obligations for a purpose related to natural resources which are payable:

1. From taxes whether or not additionally secured by any municipal revenues available therefor;

2. For bonds issued by an irrigation district, from assessments against real property;

3. For bonds issued by a water authority organized as a political subdivision created by cooperative agreement, from revenues of the water system of the water authority or one or more of the water purveyors who are members of the water authority or any combination thereof;

4. For bonds issued by a wastewater authority, from revenues of the water reclamation system of the wastewater authority or one or more of the municipalities that are members of the wastewater authority, or any combination thereof; ~~for~~

5. For bonds issued by a flood management authority, from revenues of the flood management authority or one or more of the municipalities that are members of the flood management authority, or any combination thereof. ~~for~~

or

6. For assessment bonds issued by a municipality under chapter 271 of NRS.

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.] (Deleted by amendment.)~~

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~~ 33.5, 34 to 45, inclusive, and 46 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,]~~ 41 to 44, inclusive, 46 and 63 of this act expire by limitation on June 30, 2032.

4. ~~[Section]~~ Sections 33 and 45.5 of this act ~~[becomes]~~ become effective on July 1, 2032.

Senator Roberson moved the adoption of the amendment.

Amendment adopted.

Senator Roberson moved that all necessary rules be suspended, that the reprinting of Senate Bill No. 1 be dispensed with, that the Assistant Secretary be authorized to insert Amendment No. 4 adopted by the Senate, and that the bill be placed on the General File and considered next.

Motion carried.

Bill read third time.

Remarks by Senators Roberson, Spearman, Ford, Hardy, Manendo, Gustavson, Settelmeyer, Kihuen and Goicoechea.

SENATOR ROBERSON:

Senate Bill No. 1 authorizes the granting of transferable tax credits and the abatement of certain taxes to participants in a qualified project. To qualify, the lead participant must make an application to the Governor's Office of Economic Development (GOED) and demonstrate, among other things, that: 1) the participants will make a collective minimum investment of \$1 billion within ten years of approval of the application; and 2) that at least 50 percent of the employees engaged in the construction of the project and 50 percent of the persons employed at the project are Nevada residents. These requirements may be waived by GOED if there are insufficient qualified and available Nevada residents and a notice of the waiver is posted on GOED's website. To be considered a Nevada resident, each project participant must document that the person: 1) has a current and valid Nevada driver's license or identification card of the employee originally issued by the Department of Motor Vehicles (DMV) more than 60 days before the hiring of the employee; or 2) if the employee is a veteran of the Armed Forces of the United States, a current and valid Nevada driver's license or identification card for the employee issued by the DMV.

If qualified, a lead participant may be approved for transferable tax credits of \$9,500 for each qualified employee up to a maximum of 4,000 employees, for a total of \$38 million. The bill provides that no more than \$7.6 million in transferable tax credits may be issued in any fiscal year (FY) starting in FY 2018 through FY 2025, except for unused credits carried forward, and caps the total credits which may be approved at \$38 million. Up to 75 percent of real and personal property taxes and employer excise taxes (modified business tax) may be abated for qualified projects for up to 10 years, and local sales and use taxes, as defined in the bill, may be abated for up to 15 years.

The bill sets out requirements for public notice, eligibility verification, audits, notice to affected local governments and repayment of transferable tax credits and abatements if the lead participant or other participants fail to meet the criteria relating to minimum investments or otherwise become ineligible.

In addition, S.B. No. 1 grants authority to GOED, if it is deemed in the best interests of the State, to require the lead participant to pay all or a portion of the abated taxes into a trust fund to be held until all or a portion of the requirements for the abatements have been met.

If the requirements for the abatements are met, the money in the trust fund, along with any earned income or interest, must be repaid to the lead participant. If the requirements are not met,

the money and earned income or interest must be transferred to the entity that would have received the money if the abatements had not been approved.

Reports are required to be submitted to the Governor and Legislature: 1) annually by GOED on the number of qualified projects submitted and approved, along with related matters; 2) quarterly by GOED on the dollar amount of the abatements, number of qualified employees and their wages, and investment amounts; and 3) annually by a local government that has approved an abatement of licensing or permitting fees.

The bill includes financing mechanisms for related infrastructure needs for a qualified project including projects for rail service, water, drainage, transportation, fire protection, wastewater and electric service. Senate Bill No. 1 permits a local government to submit an application to GOED for approval of an economic development financing proposal to be financed from the proceeds of bonds, securities or other indebtedness issued by the State. Such a proposal may include the creation of one or more tax increment areas or special districts along with the pledge of revenues from those areas to repay bonds issued by the State. Any proposal submitted after July 1, 2017, must be approved by the Legislature or the Interim Finance Committee, as applicable.

The measure specifies the criteria for approval, the components of an agreement to implement the proposal and provisions for repayment of issued securities. The State Board of Finance may not issue bonds in an amount exceeding \$175 million for each economic development financing agreement or an amount of bonds outstanding for all economic development financing proposals exceeding \$200 million.

Senate Bill No. 1 makes provisions for natural gas service to the boundary of an economic diversification district and grants authority for regional transportation commissions to construct or operate a freight rail project. The bill provides for the allocation of a portion of the sales and use taxes or the modified business tax collected in a tax increment area for a natural resources project, as defined in the bill, or a rail project, for a qualified project, subject to the approval of the Interim Finance Committee.

Finally, the Executive Director of the GOED must not include provisions in the State Plan for Economic Development that would grant economic development incentives to persons who pay the net proceeds of minerals tax or gaming license fees imposed on gross gaming revenue.

The bill is effective upon passage and approval, except for the provisions relating to transferable tax credits and economic diversification districts which expire by limitation on June 30, 2032.

SENATOR SPEARMAN:

I rise to say thank you to all of my colleagues and to those who worked so hard on this bill. Most of you know that Senate District 1 was the hardest hit during the most recent recession with respect to housing and people losing their jobs. This will certainly give us an economic boost. I heard testimony today in terms of those people who were not for it. I am of the opinion that there are no perfect things that happen. However, this one piece of legislation will go a long way in terms of helping to breathe life back into the community of North Las Vegas, so thank you.

SENATOR FORD:

This is an exciting project, and I am happy to rise in support of this bill. The incentive and infrastructure package that we have before us is a good deal for Nevada. Taxpayers should feel confident that we have crafted this bill in a way that will protect their investment.

This is also an important victory for North Las Vegas, in particular. I am sure my colleagues who represent that area will have more to say about it, but I think that the economic development that will be sparked by this legislation is going to be a significant benefit to a city that was one of our hardest hit during the recession. We look forward to seeing North Las Vegas grow and prosper as the Apex Park is developed.

More importantly, this legislation fits squarely within the parameters of the Nevada Blueprint, which is the legislative Democrats' formula for ensuring that we pass legislation that protects and expands the middle class. This legislation does exactly that.

We will create thousands of highly paid construction jobs through publicly funded infrastructure projects and through the construction of the Faraday factory. We will also be

expanding the number of permanent, good-paying, new-economy jobs available to our residents once the Faraday production facility is open for business.

We are going to have an opportunity to discuss the types of jobs we will be creating and new training and workforce development opportunities for Nevadans in more detail later, but suffice it to say, Nevada's workers are going to be the primary beneficiaries of this effort. We are going to create jobs for people who are here, now, and for many years to come.

Moreover, we will see greater opportunities for upward mobility in North Las Vegas, which has a majority-minority population, a population that, unfortunately, has not shared equally in our State's recovery in terms of unemployment. Indeed, opportunities like those we are anticipating in Apex will help bring the unemployment rates of Hispanics, which is over 7 percent, and African Americans, which is over 13 percent, more in line with the State average, which is only a little over 6 percent. I am excited about that.

Because of the significant, short-term and long-term economic benefits that are provided by S.B. No. 1, I hope that my colleagues will join me in supporting this legislation. We have an important opportunity in front of us. For too long, Apex has been only a vision. It is time to make that vision into a reality.

SENATOR HARDY:

I rise in support of Senate Bill No. 1 as amended. I appreciate the efforts of the City of North Las Vegas team and their vision. They went out and took, seriously, our charge to put their house in order and to get their finances in order. They saw an opportunity and took it. I have been impressed with their willingness to work with us during this Session and figure out how to further secure both short-term and long-term fiscal financial availability, particularly in section 28, as it has been amended. I appreciate the Las Vegas team, the GOED team and Mike Willden with the Governor's staff working with us, listening to the concerns of North Las Vegas. I look forward to seeing how this comes back to us, if it does. I think we can appreciate all the people who have been involved with this. It's jobs, jobs and jobs.

SENATOR MANENDO:

A little over a year ago, during the 28th Special Session, I stood with my colleagues and supported the passage of S.B. 1 to provide a new set of economic development tools for our State to attract Tesla to Reno and bring thousands of jobs to Nevada. We knew this would be a blueprint for the future success of southern Nevada. Now, one year later, the work we did was indeed a blueprint to a successful drive, a transformative economic opportunity for southern Nevada where the majority of our population resides. I stand to support a new set of economic development tools. Weeks after the Governor signed S.B. 1 into law, the City of North Las Vegas announced their intent to create an economic diversification district and go find a large business to move to the Apex Industrial area. They actually took the specific incentives used to attract Tesla and created a sales brochure, in multiple languages, and began contacting businesses to come to southern Nevada. Last year, many of my colleagues and I were concerned about our constituents in southern Nevada subsidizing a project for jobs in northern Nevada. During the last Session, when Steve Hill was asked by my colleague from Senate District 10 about this, Mr. Hill said, "passing Tesla for the north would put all Nevadans on the map and show the world that we are a State that can get these types of projects done." That is a good thought. I have worked hard on many bills during my time in this building, actually a couple of decades. Sometimes, results are difficult to measure, and other times, the impacts are immediate and profound. Last year, we entered into uncharted waters and took a calculated risk to bring Tesla to northern Nevada. I am thrilled, today, to see that these historic efforts have had such a profound impact on our State. Tesla put us on the map. Our efforts to pass S.B. 1 gave North Las Vegas the roadmap to bring a huge job creator to and for all of southern Nevada. Nevada is on the verge of attracting the Nation's two largest economic development projects over the last two years. I repeat, the Nation's two largest economic development projects over the past two years.

I am proud that when Tesla called the Governor's Office and expressed interest in coming to Nevada, this Body answered the call and made that deal happen. I am excited that John Lee, Mayor of North Las Vegas, and his team took the tools we created and went out there and knocked on the doors, literally, to find an opportunity to transform not only North Las Vegas but

also all of Nevada. Today, we have the opportunity to add a few more tools to the toolbox and make GOED and the economic development professionals in our State more competitive as they work to diversify our economy. I urge this Body's support of this bill.

SENATOR GUSTAVSON:

I believe that Senate Bill No. 1 has merit and could be a big asset to Clark County for economic development. Unfortunately, I do have some issues in how this deal is being presented to us and the Nevada taxpayers. In 2012 alone, small businesses in Nevada created over 15,000-net new jobs. Yes, small business created, in just 12 short months, more than three times the jobs Faraday promises to deliver over the course of 20 years and all without any special tax subsidies.

Over 95 percent of Nevada's employers are small businesses, and they employ over 40 percent of the State's workforce. This pattern is also true nationally.

As Nevada policymakers, to increase jobs, we should focus more on helping all businesses flourish, not merely a select set of politically connected firms.

During our last Legislative Session, this Body passed a \$1.5 billion tax hike that raised taxes on every job creator in the State. This tax increase is going to do more harm to creating new jobs and will force many small businesses to go under. Therefore, why should we, as Legislators, consider giving a secretive and mysterious out-of-state company tax breaks and special treatment while the State's local businesses suffer from increasingly punitive tax hikes?

These subsidies are not new, nor have they been in the past, as the voters have three times rejected attempts to change Nevada's Constitution over the years that would have allowed subsidies, yet many lawmakers keep trying to do so.

This deal being presented to us, today, proves one economic truth: lower taxes do incentivize job creation and economic development. If we as lawmakers truly want to boost job growth, then, we should extend tax relief to all Nevada businesses instead of playing politics with subsidies, abatements and handouts to a new larger company that does not have a track record of producing what they propose to produce. Therefore, I ask you, where are the tax incentives for the local mom-and-pop companies that are already creating jobs?

Electric car sales are still nowhere close to where they should be to be competitive with other traditional car sales, even after heavy government subsidies. Who do you think is paying for these subsidies? You and I, the taxpayers, so the wealthy can drive a "green car"?

Nevadans and Americans still want an affordable, dependable, cost-effective means of transportation that is not going to be subsidized by the taxpayer. From what I am hearing from Nevadans, they do not believe that the citizens of Nevada should be on the hook for the government giving their tax dollars to another company that is proposing to manufacture a product that still does not have a proven track record or overall support of the general public.

If this company fails in its first 3 to 5 years, who is going to be on the hook for the \$150-200 million dollars of bonding? The taxpayer is. A large portion of this bill has to do with "transferable tax credits." I believe that "transferable tax credits" are bad public policy and not benefiting the taxpayer. I believe we should be lowering the tax rates on all of our existing businesses so they can grow and prosper.

Besides all of the above, is this fair and equal taxation as required in our Constitution? All of my correspondence from constituents has been against the passing of this bill. I was elected to represent my constituents, and for all of these reasons mentioned, I will not be supporting this bill.

SENATOR SETTELMAYER:

I rise in support of Senate Bill No. 1. To say this bill has been heavily amended would be an understatement. Considering we have spent so much time trying to address all the issues, makes this deal, in my opinion, far better than the legislation from previous years that affected the district that I represent, Storey County. I share the pains of some of the others who talked earlier about unemployment. Simply put, I had the worst county. We had 18 percent unemployment, the highest in the State of Nevada and the highest in the Nation for a while. Luckily, we are now down to about 10 percent, still not great, but a great improvement. It has been a tremendous opportunity for the counties that I represent, the Tesla effect as some call it, the development potential and other businesses that come with it. I am supportive of trying to create that same

incentive for another part of the State to try to diversify our economy, to try make to make sure that we do not come here when one industry falls for a special session because we are all bankrupt. To me, those are the advantages that I see with this deal. Not only that, let us be honest, it is actually less tax credits than the previous deal. It is a better deal in many respects, more accountability. We took some leeway away from a certain department, and said no, we want more accountability. For those reasons, I think it is beneficial. Some people always say we should not have legislation that benefits one particular individual, a win-lose situation. We make those decisions every day in this building and have every day that I have been in this building. We pick winners and losers. It is how it is in government. It is just part of the package. In that respect, I am also happy for the exemptions that were placed in the bill for the military. The idea of telling people that are serving, defending our freedom, putting their lives on the line, that there is an arbitrary capricious rule, a date saying they must achieve, whether that be for the concept of work or even the concept of getting a tax credit for school, is wrong. We must respect our military. For those reasons, I support this bill.

SENATOR ROBERSON:

Over the years, my colleague from Senate District 14 has said many things that I vehemently disagree with and I typically let them go. Having said that, a year ago when we had a project based on Senate Bill No. 1, based on the guts of this bill that would have benefited the folks in the backyard of my esteemed colleague from Senate District 14, he was all for this bill. Now, I have heard my colleague from Senate District 14 complain about \$38 million in transferable tax credits. The Tesla deal had \$195 million in transferable tax credits. So, this is a democracy and in this Senate any member can pretty much say what they want, whether it is true or not. Let us have some consistency; let us be one Nevada—northern Nevada, southern Nevada, rural Nevada, urban Nevada. Please colleagues be consistent. This is one Nevada. This is the new Nevada, and this is a great bill. I would encourage my friend from Senate District 14 and each one of my colleagues to treat this bill the same way that you treated the Tesla bill a year ago and support this for one Nevada.

SENATOR KIHUEN:

I rise in support of Senate Bill No. 1. First and foremost, I want to thank my colleagues for working in a bipartisan fashion. I want to say thank you to the city of North Las Vegas and, obviously, Mr. Steve Hill and everybody else that worked on this deal from early on. It was not long ago we were in a recession, and we had approximately 200,000 people unemployed in the State of Nevada. About 100,000 of those people who were unemployed work in the construction industry. I am excited to see that this project, along with Tesla, is now helping to put a lot of these people from the construction industry back to work. More importantly, this is helping to diversify our economy in the State of Nevada. We have to continue supporting gaming and mining since they continue to be the main economic engine of our State. At the same time, we have to continue working on diversifying our economy. I believe that Tesla, and now Faraday, are going to send a message to the rest of the Country to many companies that want to move to the State of Nevada, that we are serious about investing in workers and creating good paying jobs for the people of Nevada. Lastly, I want to say that I agree with the comments of my colleague from Senate District 1. North Las Vegas has been one of the hardest hit areas in our entire State. When we were at the peak of the recession, we had the most people unemployed, people losing their homes and their livelihood. I am excited to see they are finally going to get a project right in their backyard that is going to help a lot of them get back to work and save their homes and have a good livelihood. I want to say thank you for the leadership. Thank you to Senator Ford and Senator Roberson for all the work they have done on this.

SENATOR GOICOECHEA:

I have to rise in support of Senate Bill No. 1. Apex is in my District and, of course, I am a rural Senator. I do believe, in this case, in the concept of build it and they will come. Now, whether Faraday is the right company or not, I am not going to argue that. The bottom line is we have to have an anchor tenant. We need that infrastructure into Apex. I drive through it every time I drive through my District down south. The bottom line is we have a couple of power plants, a couple of wells and a landfill. There is not much going on down there. This will make it

happen. Whether it is Faraday, I think we will see the Tesla effect down there, the same as we saw in northern Nevada. We will have other companies coming in, and it will be a matter of time. I hope we are using that fly-over lane in the next five years, but the bottom line is it is a case of we have to build it; they will come. I anticipate great things for my rural constituents in Moapa, Glendale, Logandale, even Coyote Springs and into southern Lincoln County.

Roll call on Senate Bill No. 1:

YEAS—17.

NAYS—Gustavson.

EXCUSED—Atkinson, Segerblom, Smith—3.

Senate Bill No. 1 having received a two-thirds majority, Mr. President declared it passed, as amended.

Bill ordered transmitted to the Assembly.

Mr. President announced that if there were no objections, the Senate would recess subject to the call of the Chair.

Senate in recess at 9:12 p.m.

SENATE IN SESSION

At 9:15 p.m.

President Hutchison presiding.

Quorum present.

INTRODUCTION, FIRST READING AND REFERENCE

By the Committee of the Whole:

Senate Bill No. 2—AN ACT relating to economic development; revising provisions governing applications for permits relating to water rights in an area in which a qualified project for economic development is located; and providing other matters properly relating thereto.

Senator Kieckhefer moved that the bill be referred to the Committee of the Whole.

Motion carried.

By the Committee of the Whole:

Senate Bill No. 3—AN ACT relating to economic development; amending the Las Vegas Valley Water District Act to designate the District and the Southern Nevada Water Authority as the exclusive service providers of water for the Garnet Valley Ground Water Basin in Clark County, Nevada; requiring the Legislature to review the effects of this measure and the implementation of certain economic development financing proposals; clarifying the effects of this measure and certain other legislation on the geographic boundaries and jurisdiction of local governments; and providing other matters properly relating thereto.

Senator Kieckhefer moved that the bill be referred to the Committee of the Whole.

Motion carried.

MOTIONS, RESOLUTIONS AND NOTICES

Senator Roberson moved that the Senate resolve itself into a Committee of the Whole for the purpose of considering Senate Bills Nos. 2, 3; Assembly Bill No. 1, and other matters pertaining to the State's economic development, with Senator Roberson as Chair and Senator Kieckhefer as Vice Chair.

Motion carried.

IN COMMITTEE OF THE WHOLE

At 9:23 p.m.

Senator Roberson presiding.

Assembly Bill No. 1; Senate Bills Nos. 2, 3, and other matters pertaining to the State's economic development considered.

The Committee of the Whole was addressed by Senator Roberson; Dale Erquiaga, Chief Strategy Officer, Office of the Governor; Senator Harris; Senator Spearman; Senator Kieckhefer; Paul Moradkhan, Las Vegas Metro Chamber of Commerce; Pam Robinson, Policy Director, Office of the Governor; Leo Drozdoff, Director, Nevada Department of Conservation and Natural Resources; Senator Goicoechea; Senator Settelmeyer; Senator Ford; Andy Blanchard, Southern Nevada Water Authority; Ryann Juden, Assistant City Manager, City of North Las Vegas; Senator Hardy.

SENATOR ROBERSON:

We will begin by asking for public comments. Seeing no public comments, I will open the hearing Assembly Bill No. 1.

DALE ERQUIAGA (Chief Strategy Officer, Office of Governor):

This Body knows the importance of workforce development in dealing with the economy of southern Nevada. We all recognize the importance of a highly-skilled and diverse workforce in our State, in particular, in the region addressed by the bill just passed by this Body. This bill is a response to the process used by the Governor's Office of Economic Development for recruitment.

Nevada competes for economic development agreements, relocations and local business expansion. Workforce development and training were highly competitive pieces of the Faraday Future search. Louisiana and Georgia each have workforce-training programs. Georgia's was designed in the late 1960s and is extremely successful. That program is called Quick Start and relies heavily on the Georgia technical college system because there are many technical colleges in Georgia. Louisiana's program is slightly different but is often held up as a model for workforce training. GOED went head to head with those states in this search, particularly with the state of Louisiana.

One of the components of the agreement reached by Director Hill was workforce development. We are committed to train approximately 800 workers per year for each of the next five years. That equals 4,000 of the workers contemplated in the agreement. We know these workers will need a higher level of skills than we currently see in many of our employees. These will be advanced manufacturing jobs. In the north, we are finding the training requirements for advanced manufacturing jobs are different from those required by our core State businesses. This program, the Workforce Innovations for a New Nevada Account (WINN), will establish both funding and capacity in the provider sector to provide that training. It will also provide the State of Nevada with a new system of workforce development and workforce training. Governor Sandoval has made it clear that post-secondary education will be one of the cornerstones of the 2017 Legislative Session. This bill comes early. It is the workforce of Nevada now. We need this bill because of the work that will be done in southern Nevada, but it is indicative of the work to come.

Nevada has several barriers to workforce development, to Nevadans attaining the highest level of employment. Many Nevadans are unemployed. Even though we have substantially recovered from the economic crisis, many Nevadans are underemployed and their wages are too low. Nevadans face barriers. Some of those are related to disability. Others may be due to language acquisition or being a member of a community that traditionally faces discrimination, whether due to skin color or racial/ethnic origin. Veterans, when they return from the war, need new types of skills. Persons who have been incarcerated face challenges when they seek to reenter the system. We have a wonderful workforce development system in Nevada, but it consists of disparate programs. I have described it as a jigsaw puzzle with lots of little pieces. The pieces do great work, but a major part of the puzzle has been missing. That piece is workforce development linked directly to the State's economic development plan. That is the link before you today. The WINN Account will provide capacity for authorized providers in our State to reach new levels of training for our workforce so our workforce can reach new levels of its own success.

The overarching theory of this bill is Statewide, and that language is in the bill. It is not just about a city, a county or a program. The bill is designed to establish a workforce training account and thus, a Statewide workforce training program within GOED. Programs contemplated in this bill are tightly linked to the State's Economic Development Plan. Due to an amendment from the Assembly, they are also linked to the State's Workforce Development Plan predicated from the Department of Employment, Training and Rehabilitation (DETR).

There are two kinds of training programs established in this bill. There is an existing program called Train Employees Now (TEN). The TEN program is short in duration. It provides intensive skill training lasting less than 180 days, has smaller numbers of employees and requires a match of 25 percent. This bill leaves that program in place. The program is important for many expanding Nevada businesses and businesses that relocate here. We did not want to disrupt the program. Section 11 of the bill shows the change we made to delete the definition and the provision related solely to community colleges. Under the existing TEN program only community colleges are authorized providers. In this bill, we have broadened that scope. The new definition of a provider is in section 2. It includes any institution within the Nevada System of Higher Education (NSHE), a state or local agency with the target being DETR or the local workforce development board, a school district, a charter school, a nonprofit organization, a labor organization or a private postsecondary educational institution. All of these will now be authorized providers under this system and will be able to provide workforce recruitment, assessment and training services to the people of Nevada. The TEN program is still in place and has been somewhat expanded because the number of eligible providers has been expanded. I will explain how this works in a matching system with the new WINN Account.

Sections 6 and 7 require the Board of GOED and DETR, NSHE and the Department of Education (NDE) all be involved in designing the concept of the WINN programs. We recognize the primary job of GOED is economic development and that workforce development is an iteration of that, not their core business. We are clear in the bill that GOED will consult with DETR, NSHE and NDE in the design of these programs and their Board will be involved. This was important to many of the stakeholders involved in this process.

The italicized new language in section 4 is the core of the bill. This section provides that the authorized provider, the individual institution, serves as the first applicant. This provider would either come to GOED with a proposed program of workforce development or, more likely as in the instance of Faraday Future, GOED would go to an institution, as they did to the College of Southern Nevada (CSN), and ask it to help develop a program. Our community colleges have that history. That entity would go through an application process. Information would be acquired and be submitted to GOED for approval, and the entity would become eligible for a grant to pay for the program.

Section 4, subsection 8, allows a business to apply. This was discussed at length in the Assembly, and there is now language in section 4 that links the authorized provider's application with the business application. This allows an institution designated as an authorized provider, with a business or businesses as a client, to come, through joint application, through the GOED and receive a grant to the provider that can offset tuition, provide for equipment or provide for rental. The system works together in a way that the workforce recruitment assessment and

training programs are delivered. For example, the College of Southern Nevada is matched with Faraday Future in this process. DETR is also a part of the puzzle because they will provide job recruitment strategies through JobConnect. Faraday will run its own job employment service, but individuals can also enter through JobConnect.

This provides access for our workforce to other services. Nevada has a low post-secondary attainment level. Few of us have gone on after high school. DETR has the opportunity to give a first leg up to people facing a barrier, those who might not have a high school diploma or who might have a disability or need some social service programs. We can first address these needs at DETR and then graduate them up to the training programs contemplated in this bill. With the type of certificate we envision in this bill, for example in advanced manufacturing or renewable energy, an individual might then continue his or her education to an associate's or a bachelor's degree. This system is our first effort into stackable credentials, many of which could begin in high school or technical academies. By removing barriers, these could then move a student through post-secondary attainment and on into credentials and degrees. It is a holistic system. This is the important missing piece to the puzzle: this dual application process of authorized providers and businesses being matched is the entrance.

The Assembly felt it was important to include information about what GOED must do. This is found in section 4, subsection 4. One requirement is to publicize the names of the providers. Later in the bill, there is a requirement that GOED develop a list of eligible providers so businesses shopping for partners can easily access that information. This would most probably be done through a request-for-information process, with the information gathered from the institutions. This information would be compiled into the list businesses could, then, use to find a match to jointly complete applications and complete the process of procuring a grant. In the instance of Faraday, that can happen quickly, but this is creating a system. We will be opening the door for participation by other businesses and institutions with this bill.

An important piece of this legislation is the inclusion of a diversity action plan. In Nevada, we are a diverse family. We were previously much more homogenous, but Nevada, today, is an incredibly diverse state. This is a wonderful thing, but we also have incredibly diverse post-secondary attainment levels and diverse employment and underemployment levels. We now have a 6.5 unemployment rate in Nevada, and we celebrate that. If you are an African-American in Nevada, the rate is much higher—it is still in the double digits. It was important to the Governor and to members of this Chamber that we include a diversity action plan requirement in this legislation. It is here for providers and for businesses. Faraday Future has been working on a diversity plan. It is not final, but they have been working with DETR to increase their outreach to any number of disparate audiences—members of the Nevada family—whether they are persons of color, veterans, persons with disabilities or any other group that has a differing level of workforce and educational attainment.

A diversity action plan is included in this measure. There was concern when the bill was introduced that the diversity action plan was not defined. To address this, section 4.5 of this bill sets out parameters for a diversity action plan. It is important the plan includes a statement expressing a commitment to workforce diversity and a statement expressing a commitment to comply with applicable federal and State laws. This is flexible language; I recognize that. It is not constrictive, but when taken in consideration with the intent language at the beginning of the bill and the definitional language, it expresses the intent of the Governor and this Body regarding what we expect of providers and businesses who participate in this workforce program.

Under the new WINN program, an authorized provider—an institution—would be delineated and matched with business. They would make an application to become eligible to receive a grant to provide services as explained in the bill. At the same time, our existing, successful legacy TEN program, would remain in place. This allows us to open the door for a new type of workforce recruitment, assessment and development training to occur in our State.

Sections 16 through 18 discuss program funding. This is essentially a revenue-neutral bill. It does not change the bottom line of the current budget. This bill does two things. Section 17 reallocates \$1 million from the Governor's Office of Science, Innovation and Technology in the second year of the biennium, Fiscal Year 2017. This takes \$1 million from the STEM Workforce Challenge Grant Program. The legislature provided \$3 million over the biennium for STEM Workforce Challenge Grants; \$1 million in the current Fiscal Year and \$2 million in the next

Fiscal Year. As we have begun granting the first year's money, we realize the system is having trouble catching up to a \$1-million level, so we are comfortable \$1 million will be adequate to fund these grants for the next fiscal year. We are comfortable we can move the \$1 million from this account. These jobs will be STEM jobs. Advanced manufacturing is a STEM career. The skills our workers will learn in these programs are STEM skills. With this action, we are staying true to the authorization from this Body but are putting the money in a more nimble account that will immediately reach a larger number of trainees.

In section 18, the second \$1 million is discussed as a \$1.5 million appropriation from the General Fund which is taken from the bottom line. In section 17 of the bill, language from the 2015 Legislative Session that discusses the transferable tax credits allotted to GOED is reprinted. The Legislature allowed funds, during specific fiscal years, to be available for transferable tax credits. These transferable tax credits must be removed from the budget as an expense. Revenue is shown at the top of the budget, and these transferable tax credits are then removed as an expense because they are a liability to us. Over the course of the years listed in the bill, this measure reduces by \$9.5 million the available transferable tax credits. That falls to the bottom line, thereby adding more money to the bottom line. In this bill, \$1.5 million of that credit is converted to cash and \$8 million is used to offset some of the work just approved in S.B. No. 1. We have converted \$9.5 million in this bill, but \$8 million is accounted for in S.B. No. 1, and \$1.5 million is a direct appropriation to this bill.

The WINN Account would open with approximately \$2.5 million for this Biennium. We estimate the initial work with Faraday could reach \$4 million in this Biennium, probably, no more than that and possibly not that much. To fill the gap between that \$2.5 million and the \$4 million, we have funds available from the Governor's Reserve. These are federal dollars from the Workforce Innovations and Opportunity Act. Each year, the Governor of a state is allowed to sequester a percentage of these funds. This year it is 15 percent. A percentage of monies from the government must be used for innovative workforce training programs. This is that type of program, so those dollars are eligible to be used here. We can make a transfer of those dollars from DETR to the authorized provider. That will balance the amount of money we need for this training program. Should we not need the General Fund money or the Governor's Reserve dollars for the Faraday program, they will then be available for the WINN program. We will come before you in 2017 with a request to put additional General Fund dollars here, in part to complete our current requirements under this agreement, but also to expand this program.

Accountability measures and reporting requirements are built into this bill. We will report on the success of the training program, WINN fund operation and discuss appropriation of additional funding in 2017. This bill contains adequate General Fund resources, together with the Governor's Reserve, to take care of the program at hand.

Section 5 of the bill contains a confidentiality provision. This is common in state-sponsored training programs. Georgia has it; Louisiana has it, and it allows the Board of Directors to declare certain materials confidential. The Assembly felt the grant, as written in the original bill, was too broad, so narrowed it to matters pertaining to intellectual property or trade secrets. The bill delineates the statutes with confidentiality grants. Section 5 adds this bill to that list of statutes.

The accountability provision is found in section 5.5 and section 8. Section 8 requires a report. Section 5.5 is more exhaustive and was added by the Assembly. It requires a report to this Body. I know there is interest in the Chamber in knowing more about what we do in GOED so there is a required report here.

The Assembly also made some changes to the section dealing with donations. This is found in section 12: "The existing account, now to be renamed the WINN Account, provides for the acceptance of grants, donations and gifts." The Assembly felt the donor should have some rights, and those should be disclosed prior to making a contribution. They also felt, because the bill contains a reversion of General Fund dollars to the General Fund at the end of the Biennium, that donors, even though their money does not revert, should understand what happens with programs dollars. There is a requirement for more information for donors in this bill, which is good in the spirit of transparency.

Representatives from NSHE are here if you have questions for them. They are already partnered with us on this program and have spoken highly of it. They are eager to have a fund

like this available for training in Nevada. We have representatives from DETR present who will be part of this system of training people for new, good jobs with higher skills. This is a nice solution to the gap in our workforce development system as a state. It is representative of the needs of business, particularly this agreement before you, but also the needs of our Nevada family as it is today.

SENATOR HARRIS:

This is a great idea, and I am pleased with many components of the bill. The diversity action plan is fantastic. We need to concentrate on our vulnerable students and those who may not have the same advantages to allow them to obtain an education as our students who are currently in the educational system through NSHE and other schools of education. I like the definition of authorized provider in section 2. That is inclusive and recognizes our technical schools may be capable of helping provide certification in addition to community colleges, labor organizations or others. There are many ways to get an education, and I like that part of the bill. I would like to help open this up to a wide variety of our diverse students, including those who may be finding themselves in a part-time educational situation. Most of our Clark County residents are not in the position to attend school fulltime. The College of Southern Nevada has a large population and primarily services the needs of those students. Those students deserve the opportunity to attend an institute of higher education to get the resources and skills needed to be successful and to improve their circumstances. This bill provides a vehicle for that.

I have a concern about section 4. Instead of using the language, “authorized provider,” the section reverts to the language of: “a person who wishes to provide a program of workforce recruitment.” That, to me, opens this up to providers other than NSHE institutions to provide workforce development, and I am concerned. I am afraid, in terms of the diversity action plan, we are not going to have a process where all students have an equal opportunity to apply for the certification programs. A further concern is, if a private entity provides some of this workforce development training, education might not result in a stackable certificate. These are becoming valuable here in Nevada, and it is a process I would like to see continue.

In section 7, subsection 5, the language further illustrates my concern: “. . .in consultation with the Nevada System of Higher Education, the Department of Employment, Training and Rehabilitation, the Department of Education and any other person or entity which the director terms is appropriate to develop and implement one or more programs to provide customized workforce development services. . .” etc. I want to make sure, as we structure a workforce development plan, we run through our system of higher education, and we provide a program where all our students have an opportunity to participate and attain some sort of credential so they can be successful and those credentials will give them something to build upon. This will create a gateway or pathway for those students to continue a lifelong learning process. That is a piece of higher education we have yet to capture here in Nevada. This is a great vehicle and gives us the opportunity to do that, but that language concerns me. I would be more comfortable if the definitions were consistent, and we were only dealing with authorized providers. This way we can be assured the recruitment and retention of students, through our higher education system, is going to be captured through our workforce development so we are on track with a structured system. Can you help me become more comfortable?

MR. ERQUIAGA:

I am not an attorney, but I will try to assist you with this answer. The term “person” is defined by *Nevada Revised Statutes* (NRS) in chapter 1 and can include many things including a corporation or an individual. I understand your concern about the definition of this term in respect to meaning an individual or a corporation. I have been taught that the statutes need to be read together. The statutes that apply in this instance are in section 9 of this bill. Reading this together with the new sections that will be inserted, the understanding and the intent with which this was prepared is that a person who wishes to provide a program of workforce recruitment, assessment and training becomes an authorized provider only when they go through the application process. It is possible that an individual, an actual person, could file an application. However, if I, for example, did this, I would not be eligible, so the director would reject that application. A corporation that is not a nonprofit or private post-secondary educational institution—which is also something in the law—would not be eligible to be an authorized

provider. This has been constructed by your Legal Division. The statutes all work together. You have to go through the application process to become an authorized provider in order to serve a business.

SENATOR SPEARMAN:

Earlier this evening, my colleague from Senate District 14 made reference to small businesses that may be suffering and be in need of some of the innovative ideas we have discussed during this Special Session. In section 4, subsection 8, it reads: "A person who operates a business or will operate a business in the State may apply to the Office to participate in a program of workforce recruitment, assessment and training..." Would that capture or address his concerns regarding the assistance we might be able to provide to small businesses? For example, Faraday will provide several opportunities for small businesses to become part of the supply chain. These businesses may or may not be familiar with some of the innovative technology used by this company. Could a small business, such as a mom-and-pop business, be eligible to participate in this program?

MR. ERQUIAGA:

Yes. Section 11, page 10, uses the same language: "A person who operates or will operate a business in this State may apply to the Office for approval of a program of workforce training." This is for Nevada businesses that are here, now. There is no size delimiter, and it is for new businesses who may come. The Governor recognizes the importance of small businesses. This is the entrance into a new world. The long-term economic impact of the agreement before you is not just at the auto manufacturing plant, it is also those related jobs.

SENATOR KIECKHEFER:

We are planning to train 800 workers a year and will need \$4 million this year. Does this mean we are planning to spend approximately \$2,500 per person? Is this part of the agreement?

MR. ERQUIAGA:

There is no dollar amount specified in the agreement. We have estimates but are not committed to a dollar amount. We are committed to a number of trainees per year, up to 800 for 5 years. In our initial estimates with CSN and in conversations with DETR, we have come to this range. Depending on the training program, the number may go as high as \$4,400 because, in some instances, there is capacity to be built. It is a range of funding, but we are committed to employees. We have estimated, based on the costs, a need to request \$2.5 million here, and I know we have access to about \$1.5 more over the Biennium.

SENATOR KIECKHEFER:

Is the expectation you would request \$4 million for the Faraday training in the next Biennium?

MR. ERQUIAGA:

I was asked that question in the Assembly, and the answer is we do not yet know. We will have more solid numbers as we go through this program. We will start with smaller numbers of employees as the facility is built, so we may not expend as much in Fiscal Year 2016 as would be in this fund. More will be spent 2017. Representatives from NSHE will tell you that one reason this program is important is due to the upfront costs of this type of training. We are going to an authorized provider, for example the College of Southern Nevada, and asking them to build a program for brand new trainees, to build something that is brand new. There are upfront costs to doing this, and those are delineated in the bill. Eligible expenses include things like faculties and equipment. This is needed because the performance-based funding formula, agreed upon by the Legislature, works against a college like CSN for this kind of training. A college like that would have to look for a grant to build capacity first and then offer the credentials or degrees. At some point, maybe three to five years down the road, it would begin to be rewarded for those credentials or degrees. In the first years, there would be a cost to the institution under performance-based funding. The formula does not support this type of capacity building. This model is something we are considering across the system as we build capacity. It is tightly

linked to the sector we are asking to be improved, and it provides the capacity-building money. That need goes away as the performance-based formula kicks in over time.

SENATOR KIECKHEFER:

That sets a clear distinction. You said some of the grants coming from the Account could be used for tuition waivers. Are these expected to be tuition-based programs if they are at the colleges? If they are outside the colleges, how will this work?

MR. ERQUIAGA:

There is a tuition expense at almost all authorized providers: trainee expenses, equipment and fees. These dollars are used to offset the trainee's costs. We would offset some or all of the cost for pupils, whether it is this particular economic development program around this automobile manufacturing plant or others, so that when an application is submitted by a provider that is the kind of information that will be delineated—how much tuition is charged, how much is offset by this grant.

SENATOR KIECKHEFER:

As you prepare the budget for the next Biennium, I encourage you to look Statewide. Advanced manufacturing is a need in multiple areas of the State so please ask for what you need.

MR. ERQUIAGA:

This is a great opportunity for us to begin to scale and do exactly that type of work within the NSHE budget. Nevada State College produces teachers for us; UNLV would be a wonderful place to invest in healthcare due to the new medical school there; Great Basin might provide distance learning for a different type of worker. If we look at the budgets for our system of higher education, if we build a Statewide program like this and build the WINN Account, we can fill in the jigsaw puzzle of workforce development in Nevada with targeted, measurable and results-driven workforce programs that are about our new Nevada economy and needs. As that economy changes, the programs will also be able to change.

PAUL MORADKHAN (Las Vegas Metro Chamber of Commerce):

The Las Vegas Metro Chamber of Commerce supports A.B. No. 1. It is a good investment of dollars into the local workforce. It is necessary to ensure these types of programs are in line with the needs of employers. We encourage you to support this bill. It is important to ensure a steady workforce for the new industries that are emerging in our State.

Senator Ford moved to do pass Assembly Bill No. 1.

Senator Spearman seconded the motion.

Motion carried.

SENATOR ROBERSON:

We will now consider Senate Bill No. 2.

PAM ROBINSON (Policy Director, Office of the Governor):

We have been working on the water issues to make sure the project going into Apex can be fulfilled and be as good as possible for the people of North Las Vegas and the State. Senate Bill No. 2 is a bill that discusses moving water rights within restricted basins so Apex will be able to have to water necessary to build out. It provides for an expedited review process by the State Engineer. If a project comes from the Chair or the Executive Director of the Office of Economic Development and there is a priority of economic development, they can ask the State Engineer to expedite the application and take action on it at the point of diversion—taking water and putting it from one place to the next. Water rights within a hydrological basin that is connected to other basins but is managed jointly as a single source, and the water supply with the other basin, is pursuant to a ruling of the State Engineer that was made before the effective date of this particular act. The State Engineer is not required to take action or expedite but has the authority to do so with this type of a project. The qualified project is describe in Senate Bill No. 1 was just passed by this Body. We urge you to support this bill.

LEO DROZDOFF, (Director, Nevada Department of Conservation and Natural Resources):
I am here to support this bill and to answer any questions.

SENATOR GOICOECHEA:

I agree with the comments made by Ms. Robinson. This bill is about facilitating the delivery of water into the Apex area. Expediting and facilitating delivery of that water, without impacting water law, and still maintaining the ability in the five basins for protest to be had, is important. Those protests would have to be filed by a water-right holder or the owner of a domestic well. The protections are in place. Order 6255 is the order that consolidated these five basins as being connected closely enough hydrologically that they constituted a super basin and were to be treated as a such. What this bill does, is facilitate the delivery of water through that area. It expedites it, but it does not void any of the process, including protests. If someone has a water right in the area and a change in the manner of use is being discussed, the protest process still applies. It facilitates, but does not mandate, that the State Engineer expedite the process. It is a qualified project, and we had to be careful.

There are five basins: Coyote Spring Valley, Muddy River Springs Area, Hidden Valley, Garnet Valley and California Wash, and these are treated as a super basin. They were tested and monitored. The water levels in these basins responded to pumping in a similar way across the basins, so the State Engineer was able to issue an order, and ultimately a ruling, that said they were closely enough tied they could be treated as one basin. This is unique in this State. I want to make sure it is understood this is the only basin in this State that has had this ruling. Without making special legislation, it legislatively protects the rest of the basins in the State. They cannot be treated the same way.

MR. DROZDOFF:

That is an accurate description of what occurred. The work done by the State Engineer's office to reach that ruling was decades in the making. They ruled there was no additional water in the basin and also ruled that the series of five basins actually worked as one.

SENATOR ROBERSON:

Thank you, Senator Goicoechea and also Senator Settelmeyer, for your work on this issue. We rely on you as our water experts in the Senate. I appreciate your expertise in this area.

SENATOR SPEARMAN:

Earlier today, we heard from the Esquiveles who live in the area affected by this legislation and have a family business. They shared their concerns about how this may impact their business. Are you familiar with the comments regarding their concern it took six and a half years to notice their application, and their concern that this project may now infringe on some of their family's rights?

MS. ROBINSON:

I am not familiar with this case, but we will look into it. I do not know if Mr. Drozdoff or Senator Goicoechea has more information about it. We will definitely look into it.

SENATOR GOICOECHEA:

I saw the testimony today. This family is in the Garnet Valley Basin. I do not know when that basin was closed to further appropriation. They were discussing eight acres of land, so they were most likely looking for a commercial application or appropriation of water. If they had made an application for a domestic well, that would have been granted, so I am sure they made an application for some sort of a commercial appropriation and the basin was already closed. This happened six and a half years ago, which was when it was most probably already closed to any new appropriations. With S.B. No. 2 and S.B. No. 3 and the water delivery system being moved forward with the Las Vegas Water District (LVWD) and Southern Nevada Water Authority (SNWA), they will now have water made available to them. It will be municipal water piped to them. This basin, like a number of basins through the State, is totally appropriated. I am sure when they made their application for those water rights, there were none available. The only water that might have been available would have been domestic and probably would not have met their needs.

MR. DROZDOFF:

We will check on this specific application. The work of the State Engineer goes back to the 1990s in this basin. There was the thought, at that time, that there was more water to be appropriated. That led to two decades of work in evaluating those applications and determining that the basins act together as one. We will locate that application, but I believe Senator Goicoechea is correct. As part of the applications that came in, it was reviewed and it was determined that there was not further water to appropriate.

SENATOR SPEARMAN:

I wanted to make sure their concerns were addressed, and I trust the input from my colleague from District 19.

SENATOR GOICOECHEA:

There are significant water rights held in this series of five basins by the municipalities, LVWD, SNWA, the private sector and individuals. These are domestic well rights and senior or priority rights that were filed a long time ago. There are water rights in this area and the Esquevels may want to pursue the acquisition of some of these water rights. These basins, however, like many in the State, are totally appropriated.

Senator Goicoechea moved to do pass Senate Bill No. 2.

Senator Settelmeyer seconded the motion.

Motion carried.

SENATOR ROBERSON:

We will now consider S.B. No. 3.

MS. ROBINSON:

This is an infrastructure bill. It allows the Las Vegas Valley Water District and the Southern Nevada Water Authority (SNWA) to be the exclusive service providers for water at the Garnet Valley Groundwater Basin in Clark County. Garnet Valley is the area where Apex is located. These entities will provide the infrastructure. They will dig the wells, deliver the water and be the operators of the service.

This bill also provides that in July 2021, the Legislature will review the effects of this legislation and how it has been carried out. The Legislature will determine if changes in the administration of this process are appropriate. The bill does not change any geographic boundaries or the jurisdiction of existing local governments to authorize such changes.

SENATOR SETTELMEYER:

Is this bill supported by the City of Las Vegas?

MS. ROBINSON:

Yes. The City of North Las Vegas and the other parties involved reached this agreement and are supportive of it.

SENATOR FORD:

Is SNWA on board with this proposal?

MS. ROBINSON:

Yes, SNWA is on board with this bill as well.

SENATOR FORD:

I would like both of those entities to testify as to their support of this bill.

MS. ROBINSON:

Yes, they are going to testify.

ANDY BLANCHARD (Southern Nevada Water Authority):

SNWA supports S.B. No. 3 as written.

RYANN JUDEN (Assistant City Manager, City of North Las Vegas):

The City of North Las Vegas supports this bill. It is a great opportunity for SNWA and for the City. This was not an easy decision for the City to make. There were many things to consider regarding moving the purveyorship of an asset, and an important utility within the City, to someone else; however, we understood the significance of the moment and the importance of doing this. One of the first things the City of North Las Vegas did to attract opportunities like Faraday was to streamline our business processes. This is something we worked on closely with our Teamsters and their representatives. We took processes related to our industrial lands such as Apex, which took four to six months, and reduced them to over-the-counter processes. After S.B. 1 passed last Special Session, we also looked at the processes used by Storey County and determined we wanted to mirror those. We again reviewed our processes to make them more business-friendly.

Early on, the City of North Las Vegas had an issue with turning over an important permitting function from the City to another entity. We have received a commitment from SNWA that they will work with us on rate structures and service agreements. To ensure the permitting process goes through rapidly, they have committed to participate in a taskforce, formed by the City of North Las Vegas, whenever we have a major customer, like Faraday, come into the area. One of the things Faraday mentioned was important in making their decision to come to North Las Vegas was that we do business fast.

Section 2 is another important part of this bill. Because of short-term challenges in the City of North Las Vegas, a policy is required that is long-term. This is difficult for us, but we believe this section provides the opportunity, via the look-back provision, to make a determination as to whether the company is doing what it said it would do. This will ensure that our customers in the area are being served, and that our permitting processes are not being hindered. This was an opportunity we took due to the significance of the moment, but it will not hurt us later. This look-back provision is important to the City of North Las Vegas to ensure this decision is as good later as it is now.

We support this bill. It has not been an easy thing for the City of North Las Vegas, but Faraday is something that is important for the entire region. For that reason, removing ourselves as purveyors of water at Apex is the prudent thing to do. This ensures that, in this Special Session, we do not only solve the challenges of Faraday, but we ensure there is water in Apex for the other businesses we and the Governor's Office are working to bring there. It was important for the City of North Las Vegas to make sure we left this Special Session with a solution that solved the problem of water at Apex. The LVGA did a study and found that over the last 12 months, 151 businesses have tried to come to southern Nevada. That represents over 18,000 jobs. According to that report, those businesses were not able to come because of unsuitable industrial dirt for development. This bill, and those this Body has been considering over the last few days, will solve that problem. That is important for southern Nevada and for the residents of North Las Vegas.

SENATOR ROBERSON:

I would like to commend you, Mr. Juden, and Mr. Blanchard for working together to come to an agreement on this.

SENATOR HARDY:

Is there an ongoing relationship between the SNWA and the City of North Las Vegas that includes meetings and ongoing discussions so concerns can be resolved?

MR. BLANCHARD:

Yes, through this process we have committed to work with North Las Vegas and the property owners at Apex as we develop service rules and the water-rate structure. We have committed to working with North Las Vegas on a regular taskforce when major projects come to or are looking at the area.

SENATOR HARDY:

Is the City of North Las Vegas still in charge of the drainage and sewer system?

MR. JUDEN:

Yes. That was one of the difficult parts of the conversation. Typically, when building out a utility, the water and sewer services are connected. SNWA has agreed to put a line item on their bill to collect revenues for sewer service. This will ensure the sewer service is built there. We hope some of the companies that locate at Apex will use water then return gray water which could be used by another company for cooling. These relationships between companies are smart for water conservation. There will need to be some sort of sewer treatment in that area eventually. There will probably not ever be a pipe that comes back to the City of North Las Vegas. There will be a need for a pipe that leads to the City and goes to Apex. That is an important thing to understand. The plan to develop the 18,000 acres of Apex requires both a groundwater solution and water imported from somewhere else.

Senator Ford moved to do pass Senate Bill No. 3.

Senator Hardy seconded the motion.

Motion carried.

On the motion of Senator Settlemeyer, seconded by Senator Harris, the Committee did rise, return and report back to the Senate.

SENATE IN SESSION

At 10:33 p.m.

President Hutchison presiding.

Quorum present.

President Hutchison moved that the Senate recess until the call of the Chair.

Motion carried.

Senate in recess at 10:33 p.m.

SENATE IN SESSION

At 10:38 p.m.

President Hutchison presiding.

Quorum present.

REPORTS OF COMMITTEES

Mr. President:

Your Committee of the Whole, to which were referred Senate Bills Nos. 2, 3; Assembly Bill No. 1, has had the same under consideration, and begs leave to report the same back with the recommendation: Do Pass.

MICHAEL ROBERSON, *Chair*

GENERAL FILE AND THIRD READING

Senate Bill No. 2.

Bill read third time.

Remarks by Senators Goicoechea and Settlemeyer.

SENATOR GOICOECHEA:

Senate Bill No. 2 authorizes the State Engineer to expedite action on an application for a permit relating to water rights in an area in which a project qualified under Senate Bill No. 1 is located. Such expedited action must occur upon receipt of a notice from the Executive Director of the Governor's Office of Economic Development that the qualified project is an economic development priority of the State and that expedited action is necessary. The measure also

provides specific procedures with respect to such an expedited application that involves a change of the point of diversion, place of use or manner of use of an existing water right that lies within a basin that has certain connections to and is managed jointly with one or more other basins.

Provisions authorizing the State Engineer to expedite action on an application for a permit relating to water rights are effective upon passage and approval and expire by limitation on June 30, 2036. Provisions specifically referencing the definition of a “qualified project” as set forth in Senate Bill No. 1 become effective on July 1, 2032.

This is a good bill. It protects water rights in the State of Nevada. It pertains only to the super basin and will facilitate the delivery of water to the Apex facility. I urge your support.

SENATOR SETTELMAYER:

I rise in support of Senate Bill No. 2. Some individuals who may be listening out there will look at the fact that we just introduced this bill and are processing it. However, I think it is important to note that Senate Bill No. 2 really spawned from an earlier bill, Senate Bill No. 1, a section that was problematic. Since the moment that bill became public, individuals in this Body have been deliberating, discussing and trying to find solutions to some of the problems that were apparent within that initial language. What you have before you is a work in progress that has been in occurrence now for over four days.

Roll call on Senate Bill No. 2:

YEAS—18.

NAYS—None.

EXCUSED—Atkinson, Segerblom, Smith—3.

Senate Bill No. 2 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Senate Bill No. 3.

Bill read third time.

Remarks by Senator Hardy.

Senate Bill No. 3 amends the Las Vegas Valley Water District Act to designate the District and the Southern Nevada Water Authority as the exclusive providers of water service for the Garnet Valley Ground Water Basin in Clark County, Nevada. The measure specifies that any preexisting contract or agreement for the provision of such water service is void. Senate Bill No. 3 also requires the Legislature to review, on or before July 1, 2021, the effects of these provisions as well as any economic development financing proposal approved by the Governor’s Office of Economic Development pursuant to Senate Bill No. 1. The bill is effective upon passage and approval.

Roll call on Senate Bill No. 3:

YEAS—18.

NAYS—None.

EXCUSED—Atkinson, Segerblom, Smith—3.

Senate Bill No. 3 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

Assembly Bill No. 1.

Bill read third time.

Remarks by Senators Ford and Kihuen.

SENATOR FORD:

Assembly Bill No. 1 declares the Legislature's support of industrial and economic development of all areas of Nevada through the implementation of workforce development that places a priority on the recruitment and training of a highly skilled and diverse workforce and the creation of equal opportunities. The bill expands the existing provisions for workforce development by requiring the Governor's Office of Economic Development to develop a customized workforce development program for persons creating, expanding or relocating businesses in Nevada. Customized workforce programs and services must be developed in consultation with the Nevada System of Higher Education, Nevada's Department of Education, the Department of Employment, Training and Rehabilitation, and any other entity or person if deemed appropriate by GOED.

The bill allows GOED to approve programs of workforce recruitment, assessment and training; specifies the application requirements and process for approval, and requires the posting of the criteria for evaluating applications on its website. Workforce development programs must include a workforce diversity action plan and, to the extent practicable, be provided on a Statewide basis. Businesses may apply to GOED to participate in workforce development programs and may request that certain training materials be deemed confidential.

Under the provisions of the bill, GOED may also approve "authorized providers" of workforce development programs. Authorized providers are defined to include any institution within NSHE, a State or local agency, a charter school, a school district, a nonprofit organization, a labor organization or a private postsecondary educational institution.

The bill authorizes an authorized provider to apply to GOED for a grant or loan to defray all or a portion of the cost of an approved program. Priority shall be given to workforce development programs that provide high-skill and high-wage jobs to Nevada residents, use materials produced or purchased in Nevada, are consistent with the State Plan for Economic Development and are consistent with the unified state plan submitted under the federal Workforce Innovation and Opportunity Act of 2015. Allowable uses of a grant or loan include the cost of technical services to a participating business, instructional services, rental of facilities, administration and personnel, publicity or any other cost necessary to effectively carry out the program.

The bill also creates the Workforce Innovations for a New Nevada (WINN) Account in the State General Fund. Funding for the Account is provided by an appropriation of \$1.5 million and a transfer of \$1 million from the appropriation for the Office of Science, Innovation and Technology in Fiscal Year 2017. Assembly Bill No. 1 requires GOED to submit a biennial report to the Legislature, no later than January 15 of each odd-numbered year, summarizing the expenditures from the WINN Account and program outcomes and evaluating the workforce diversity action plans.

Finally, the measure eliminates GOED's authority to approve transferable tax credits from the Catalyst Account to new and expanding businesses in Nevada in FY 2016 and reduces the transferable tax credits that may be approved in FY 2017 from \$2 million to \$1 million. Thereafter, the existing \$5-million annual cap is reduced to \$2 million in Fiscal Years 2018 and 2019, and to \$3 million in FY 2020. The bill is effective upon passage and approval.

This is a fantastic bill. The WINN program is a great opportunity to move our State forward. The bill addresses one of our State government's primary responsibilities: creating a well-trained and properly educated workforce. We cannot grow and diversify our economy unless we have workers trained to take these new industry jobs. There is no Faraday Future unless we train Nevadans in the present.

I would like to thank my colleagues on both sides of the aisle and in the Governor's Office for their willingness to support the workforce diversity plan requirement in this bill. Kudos to my colleague in District 20. I have mentioned this in meetings with Leadership early on, about the importance of this diversity plan, and did not get any push back. I have received nothing but an embracing of the idea. The Governor, Mr. Hill and everyone has recognized the importance of the workforce diversity plan that is in the bill.

North Las Vegas is one of the most diverse cities in Nevada, with African-American and Latinos making up, over 50 percent of its population. We know that these populations have not shared in the recovery in the same way that the rest of the State has. Not only will this benefit

our minority communities, but it will be good for veterans and Nevadans with disabilities as well. It will also assist individuals with criminal records attempting to reintegrate into our society. Requiring companies, applying for incentives, to tell us in advance how they will be providing opportunities for diverse communities will ensure that all Nevadans benefit from our economic development efforts.

For those reasons, I urge your support of this bill.

SENATOR KIHUEN:

I too rise in support of Assembly Bill No. 1. I want echo the words of the Minority Leader. We have been talking for many years about diversifying the economy here in the State of Nevada. Every time, we talk about how we have to invest in a well-educated and well-trained workforce. This bill is going to help us get there. Not only is it going to help us get the workforce for Faraday, but also for future projects that come to the State. I too would like to commend this Body for embracing this diversity plan. Again, North Las Vegas is probably the most diverse city in the State. This diversity plan is going to help identify a well-trained workforce that looks like Nevada. It was mentioned by Mr. Erquiaga that the demographics of the State have changed so we have to embrace those changes. We have to make sure we pass legislation that is going to help train that workforce to fill those jobs.

Roll call on Assembly Bill No. 1:

YEAS—17.

NAYS—Gustavson.

EXCUSED—Atkinson, Segerblom, Smith—3.

Assembly Bill No. 1 having received a constitutional majority, Mr. President declared it passed.

Bill ordered transmitted to the Assembly.

UNFINISHED BUSINESS
SIGNING OF BILLS AND RESOLUTIONS

There being no objections, the President and the Assistant Secretary signed Assembly Concurrent Resolution No. 1.

Senator Roberson moved that the Senate adjourn until Saturday, December 19, 2015, at 12:00 p.m.

Motion carried.

Senate adjourned at 10:52 p.m.

Approved:

MARK A. HUTCHISON

President of the Senate

Attest: SHERRY L. RODRIGUEZ

Assistant Secretary of the Senate