

Senate Bill No. 442–Committee on Finance

CHAPTER.....

AN ACT relating to energy; prohibiting the Director of the Office of Energy from altering or amending the Green Building Rating System after a certain date; prohibiting the Director from accepting new applications for property tax abatements for certain buildings and structures which meet certain energy efficiency standards; prospectively eliminating the requirements for the Director to adopt a Green Building Ratings System and grant such property tax abatements; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires the Director of the Office of Energy to grant a partial abatement of certain property taxes for a building or other structure that meets certain energy efficiency standards under the Green Building Rating System adopted by the Director. (NRS 701A.100, 701A.110) This bill prospectively eliminates the requirement to grant such a partial abatement. **Section 2** of this bill prohibits the Director from accepting an application for the partial tax abatement on or after July 1, 2021. **Section 1** of this bill prohibits the Director from altering or amending the Green Building Rating System after July 1, 2021, and requires that the standards and ratings in effect on that date remain in effect.

Section 3 of this bill prospectively eliminates the requirements for the Director to: (1) adopt a Green Building Rating System; and (2) grant a partial abatement of property taxes for the construction of a building or other structure that meets certain energy efficiency standards. **Section 4** of this bill provides that the elimination of these requirements becomes effective on July 1, 2035.

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

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

Section 1. NRS 701A.100 is hereby amended to read as follows:

701A.100 1. The Director of the Office of Energy shall adopt a Green Building Rating System for the purposes of determining the eligibility of a building or other structure for a tax abatement pursuant to NRS 701A.110. *The Director shall not alter or amend the Green Building Rating System adopted pursuant to this section after July 1, 2021, and the standards and ratings in effect on that date shall remain in effect.*

2. The Green Building Rating System must include standards and ratings equivalent to the standards and ratings provided pursuant to the Leadership in Energy and Environmental Design Green



Building Rating System or an equivalent rating system, except that the standards adopted by the Director:

(a) Except as otherwise provided in paragraphs (b) and (c), must not include:

(1) Any standard that has not been included in the Leadership in Energy and Environmental Design Green Building Rating System or the equivalent rating system for at least 2 years; or

(2) Standards for homes;

(b) Must provide reasonable exceptions based on the size of the area occupied by the building or other structure; and

(c) Must require a building or other structure to obtain:

(1) At least 5 points in the Optimize Energy Performance credit, or its equivalent, to meet the equivalent of the silver level;

(2) At least 7 points in the Optimize Energy Performance credit, or its equivalent, to meet the equivalent of the gold level; and

(3) At least 11 points in the Optimize Energy Performance credit, or its equivalent, to meet the equivalent of the platinum level.

3. As used in this section, “home” means a building or other structure for which the principal use is as a residential dwelling for not more than four families.

Sec. 2. NRS 701A.110 is hereby amended to read as follows:

701A.110 1. Except as otherwise provided in this section, the Director, in consultation with the Office of Economic Development, shall grant a partial abatement from the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, on a building or other structure that is determined to meet the equivalent of the silver level or higher by an independent contractor authorized to make that determination in accordance with the Green Building Rating System adopted by the Director pursuant to NRS 701A.100, if:

(a) No funding is provided by any governmental entity in this State for the acquisition, design, construction or renovation of the building or other structure or for the acquisition of any land therefor. For the purposes of this paragraph:

(1) Private activity bonds must not be considered funding provided by a governmental entity.

(2) The term “private activity bond” has the meaning ascribed to it in 26 U.S.C. § 141.

(b) The owner of the property:

(1) Submits an application for the partial abatement to the Director ~~on or before July 1, 2021~~ **before July 1, 2021**. If such an application is submitted for a project that has not been completed on the date of that submission and there is a significant change in the scope of the



project after that date, the application must be amended to include the change or changes.

(2) Except as otherwise provided in this subparagraph, provides to the Director, within 48 months after applying for the partial abatement, proof that the building or other structure meets the equivalent of the silver level or higher, as determined by an independent contractor authorized to make that determination in accordance with the Green Building Rating System adopted by the Director pursuant to NRS 701A.100. The Director may, for good cause shown, extend the period for providing such proof.

(3) Files a copy of each application and amended application submitted to the Director pursuant to subparagraph (1) with the:

- (I) Chief of the Budget Division of the Office of Finance;
- (II) Department of Taxation;
- (III) County assessor;
- (IV) County treasurer;
- (V) Office of Economic Development;
- (VI) Board of county commissioners; and
- (VII) City manager and city council, if any.

(c) The abatement is consistent with the State Plan for Economic Development developed by the Executive Director of the Office of Economic Development pursuant to subsection 2 of NRS 231.053.

2. The Director shall not approve an application for a partial abatement of the taxes imposed pursuant to chapter 361 of NRS submitted pursuant to this section by the owner of the property unless the application is approved or deemed approved by the board of county commissioners pursuant to this subsection. The board of county commissioners of a county must provide notice to the Director that the board intends to consider an application and, if such notice is given, must approve or deny the application not later than 30 days after the board receives a copy of the application. The board of county commissioners:

(a) Shall, in considering an application pursuant to this subsection, make a recommendation to the Director regarding the application;

(b) May, in considering an application pursuant to this subsection, deny an application only if the board of county commissioners determines, based on relevant information, that:

(1) The projected cost of the services that the local government is required to provide to the building or other structure for which the abatement is received will exceed the amount of tax revenue that the local government is projected to receive as a result of the abatement; or



(2) The projected financial benefits that will result to the county from any employment resulting from the use of the building or other structure and from capital investments by the owner of the building or other structure in the county will not exceed the projected loss of tax revenue that will result from the abatement; and

(c) May, without regard to whether the board has provided notice to the Director of its intent to consider the application, make a recommendation to the Director regarding the application.

➔ If the board of county commissioners does not approve or deny the application pursuant to this subsection within 30 days after the board receives a copy of the application, the application shall be deemed approved.

3. As soon as practicable after the Director receives the application and proof required by subsection 1, the Director, in consultation with the Office of Economic Development, shall determine whether the building or other structure is eligible for the abatement and, if so, forward a certificate of eligibility for the abatement to the:

- (a) Department of Taxation;
- (b) County assessor;
- (c) County treasurer; and
- (d) Office of Economic Development.

4. The Director may, with the assistance of the Chief of the Budget Division and the Department of Taxation, publish a fiscal note that indicates an estimate of the fiscal impact of the partial abatement on the State and on each affected local government. If the Director publishes a fiscal note that estimates the fiscal impact of the partial abatement on local government, the Director shall forward a copy of the fiscal note to each affected local government. As soon as practicable after receiving a copy of a certificate of eligibility pursuant to subsection 3, the Department of Taxation shall forward a copy of the certificate to each affected local government.

5. The partial abatement for:

(a) A building or other structure must, except as otherwise provided in paragraph (b), be for a duration of not more than 10 years and in an annual amount that equals, for a building or other structure that meets the equivalent of:

(1) The silver level, 25 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be owed for the building or other structure, excluding the associated land;



(2) The gold level, 30 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be owed for the building or other structure, excluding the associated land; or

(3) The platinum level, 35 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be owed for the building or other structure, excluding the associated land.

(b) A building or other structure that qualifies for an abatement under the Leadership in Energy and Environmental Design “Existing Buildings: Operations and Maintenance” rating system, or its equivalent, must be for a duration of not more than 5 years and in an annual amount that equals, except as otherwise provided in subsection 6, for a building or other structure that meets the equivalent of:

(1) The silver level, 25 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be owed for the building or other structure, excluding the associated land;

(2) The gold level, 30 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be owed for the building or other structure, excluding the associated land; or

(3) The platinum level, 35 percent of the portion of the taxes imposed pursuant to chapter 361 of NRS, other than any taxes imposed for public education, that would otherwise be owed for the building or other structure, excluding the associated land.

6. The Director shall not grant a partial abatement of more than \$100,000 in any year for a building or other structure that qualifies for an abatement pursuant to paragraph (b) of subsection 5.

7. A partial abatement granted pursuant to this section:

(a) Does not apply during any period in which the owner of the building or other structure is receiving another abatement or exemption pursuant to this chapter or NRS 361.045 to 361.159, inclusive, from the taxes imposed pursuant to chapter 361 of NRS.

(b) Terminates upon any determination by the Director that the building or other structure has ceased to meet the equivalent of the silver level or higher. The Director shall provide notice and a reasonable opportunity to cure any noncompliance issues before making a determination that the building or other structure has ceased to meet that standard. The Director shall immediately provide notice of each determination of termination to the:



(1) Department of Taxation, who shall immediately notify each affected local government of the determination;

(2) County assessor;

(3) County treasurer; and

(4) Office of Economic Development.

8. If a partial abatement terminates pursuant to paragraph (b) of subsection 7, the owner of the property to which the partial abatement applied shall repay to the county treasurer the amount of the exemption that was allowed pursuant to this section before the date of that termination. The owner shall, in addition to the amount of the exemption required to be paid pursuant to this subsection, pay interest on the amount due 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.

9. The Director, in consultation with the Office of Economic Development, shall adopt regulations:

(a) Establishing the qualifications and methods to determine eligibility for and the duration of the abatement;

(b) Prescribing such forms as will ensure that all information and other documentation necessary to make an appropriate determination is filed with the Director; and

(c) Prescribing the criteria for determining when there is a significant change in the scope of a project for the purposes of subparagraph (1) of paragraph (b) of subsection 1,

➤ and the Department of Taxation shall adopt such additional regulations as it determines to be appropriate to carry out the provisions of this section.

10. The Director shall:

(a) Cooperate with the Office of Economic Development in carrying out the provisions of this section; and

(b) Submit to the Office of Economic Development an annual report, at such a time and containing such information as the Office may require, regarding the partial abatements granted pursuant to this section.

11. The Director may charge and collect a fee from each applicant who submits an application for a partial abatement pursuant to this section. The amount of the fee must not exceed the actual cost to the Director for processing the application and evaluating the proof submitted by the applicant pursuant to subsection 1 and making the determination concerning eligibility for the partial abatement required by subsection 3.



12. As used in this section:

(a) "Building or other structure" does not include any building or other structure for which the principal use is as a residential dwelling for not more than four families.

(b) "Director" means the Director of the Office of Energy appointed pursuant to NRS 701.150.

(c) "Taxes imposed for public education" means:

(1) Any ad valorem tax authorized or required by chapter 387 of NRS;

(2) Any ad valorem tax authorized or required by chapter 350 of NRS for the obligations of a school district, including, without limitation, any ad valorem tax necessary to carry out the provisions of subsection 5 of NRS 350.020; and

(3) Any other ad valorem tax for which the proceeds thereof are dedicated to the public education of pupils in kindergarten through grade 12.

Sec. 3. NRS 701A.100 and 701A.110 are hereby repealed.

Sec. 4. 1. This section and sections 1 and 2 of this act become effective on July 1, 2021.

2. Section 3 of this act becomes effective July 1, 2035.

