

SENATE BILL NO. 432—SENATOR SEEVERS GANSERT

MARCH 27, 2023

Referred to Committee on Revenue and Economic Development

SUMMARY—Revises provisions governing economic development. (BDR 32-758)

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

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

AN ACT relating to economic development; revising provisions governing the disposition of certain taxes; requiring the establishment of a regional powers authority following the expiration of certain partial tax abatements approved in relation to a qualified project; establishing the powers and duties of a regional powers authority; creating the Account to Mitigate the Regional Impacts of Economic Development; imposing reporting requirements related to the use of certain money; creating the Account to Promote Statewide Economic Development; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law authorizes the Office of Economic Development to approve
2 applications for partial abatements of certain taxes and the issuance of transferable
3 tax credits submitted by the lead participant engaged in a qualified project with
4 other participants for a common purpose or business endeavor and which is located
5 within the geographic boundaries of a single project site in this State. (NRS
6 360.880-360.980) Existing law authorizes the governing body of a county or city in
7 which a qualified project is or is expected to be located to create an economic
8 diversification district that includes within its boundaries the qualified project.
9 Existing law authorizes a governing body which creates such an economic
10 diversification district to pledge an amount equal to the proceeds of all sales and
11 use taxes imposed on or owed by each participant in the qualified project with
12 regard to tangible personal property purchased in the county or city for use in the
13 district, or stored, used or otherwise consumed in the district by a participant,
14 during a fiscal year, other than any local sales and use taxes for which the lead
15 participant is receiving an abatement. Such pledged money is distributed to the
16 governing body pursuant to an agreement with the Department of Taxation.



17 (NRS 271B.070) **Section 10** of this bill requires a portion of the proceeds of such
18 taxes after the expiration of the tax abatement or the termination of the agreement,
19 as applicable, to be deposited in: (1) the Account to Mitigate the Regional Impacts
20 of Economic Development; (2) the Account to Promote Statewide Economic
21 Development; and (3) a separate account in the State General Fund for remittance
22 to the city or county where a qualified project is located. **Sections 2-9** of this bill
23 define terms relevant to disposition of such taxes.

24 **Section 11** of this bill requires the Office, as soon as practicable after the
25 expiration of a tax abatement approved in connection with a qualified project, to
26 establish a regional powers authority and requires the Department to prepare a
27 report to assist in the appointing of members to the regional powers authority.

28 **Section 12** of this bill establishes the powers and duties of a regional powers
29 authority. **Section 13** of this bill creates the Account to Mitigate the Regional
30 Impacts of Economic Development and requires money in the Account that is
31 attributable to a qualified project be used only at the direction of the regional
32 powers authority. **Section 13** requires a regional powers authority to submit a
33 biennial report to the Governor and the Director of the Legislative Counsel Bureau
34 for transmittal to the Legislature regarding the use of the money in the Account.

35 Existing law requires the Executive Director of the Office to designate as many
36 regional development authorities for each region of this State as he or she
37 determines to be appropriate to implement the State Plan for Economic
38 Development. (NRS 231.053) **Section 14** of this bill creates the Account to
39 Promote Statewide Economic Development and requires the State Treasurer to
40 make an annual distribution from the Account to each of the regional development
41 authorities designated by the Executive Director. **Section 14** requires the money
42 distributed from the Account to be used for certain purposes and requires a regional
43 development authority to submit a biennial report to the Governor and the Director
44 of the Legislative Counsel Bureau for transmittal to the Legislature regarding the
45 use of the money from the Account.

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

1 **Section 1.** Chapter 360 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 13, inclusive, of this
3 act.

4 **Sec. 2.** *As used in sections 2 to 13, inclusive, of this act,*
5 *unless the context otherwise requires, the words and terms defined*
6 *in sections 3 to 9, inclusive, of this act have the meanings ascribed*
7 *to them in those sections.*

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

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

15 **Sec. 5.** *“Local sales and use taxes” means only the taxes*
16 *imposed pursuant to chapter 377, 377A or 377B of NRS, as*



1 applicable, on the gross receipts of any retailer from the sale of
2 tangible personal property sold at retail, or stored, used or
3 otherwise consumed, in the county in which the qualified project
4 is located. The term does not include any taxes imposed by the
5 Sales and Use Tax Act.

6 **Sec. 6.** “Participant” means a business which operates
7 within the geographic boundaries of a project site and which
8 contributes to or participates in the project.

9 **Sec. 7.** “Political subdivision” means a county in this State
10 or an incorporated city or town within such county.

11 **Sec. 8.** “Property taxes” means any taxes levied by the State
12 or a local government pursuant to the provisions of chapter 361 of
13 NRS.

14 **Sec. 9.** “Qualified project” means a project for which the
15 Office of Economic Development approved transferable tax credits
16 and partial tax abatements for a capital investment of at least
17 \$1,000,000 undertaken by a business or group of businesses:

18 1. Located within the geographic boundaries of a single
19 project site or sites in this State; and

20 2. Engaged in a common business purpose or industry. A
21 business or group of businesses must be deemed to be engaged in
22 a common business purpose or industry if the business or group of
23 businesses are in a supply chain related to the common business
24 purpose or industry or provide components or services related to
25 the common business purpose or industry.

26 **Sec. 10. 1.** Each fiscal year following the last fiscal year for
27 which an abatement of property taxes is approved for a qualified
28 project, the county treasurer of a county in which all or part of a
29 qualified project is located shall remit to the Department any
30 property taxes imposed on or owed by each participant in the
31 qualified project with respect to real property within the
32 geographic boundaries of the qualified project and tangible
33 personal property stored or used within the geographic boundaries
34 of the qualified project until the amount of property taxes remitted
35 by the county treasurer for the fiscal year equals the average
36 yearly amount of the abatement of property taxes that was
37 approved by the Department over the life of the abatement.

38 2. Each fiscal year following the last fiscal year for which an
39 abatement of employer excise taxes is approved for a qualified
40 project, proceeds from any employer excise taxes remitted by a
41 participant with respect to the wages of any employee employed at
42 a location within the geographic boundaries of the qualified
43 project shall be distributed as described in subsection 5, until the
44 amount of money described in this subsection which has been
45 distributed pursuant to subsection 5 for the fiscal year equals the



1 *average yearly amount of the abatement of employer excise taxes*
2 *that was approved by the Department over the life of the*
3 *abatement.*

4 *3. Each fiscal year following the last fiscal year for which an*
5 *abatement of local sales and use taxes is approved for a qualified*
6 *project, proceeds of any local sales and use taxes for which the*
7 *abatement was approved that are imposed on or owed by each*
8 *participant in the qualified project with regard to tangible*
9 *personal property purchased for use within the geographic*
10 *boundaries of the qualified project, or stored, used or otherwise*
11 *consumed within the geographic boundaries of the qualified*
12 *project by the participant, during a fiscal year shall be distributed*
13 *as described in subsection 5, until the amount of money described*
14 *in this subsection which has been distributed pursuant to*
15 *subsection 5 for the fiscal year equals the average yearly amount*
16 *of the abatement of local sales and use taxes that was approved by*
17 *the Department over the life of the abatement.*

18 *4. If the governing body of a political subdivision that created*
19 *by ordinance a special district for a qualified project and the*
20 *Department entered into an agreement providing for distribution*
21 *to the political subdivision of sales and use taxes pledged pursuant*
22 *to that ordinance and the Department made distributions in each*
23 *fiscal year such distributions were required by the agreement,*
24 *each fiscal year following the last fiscal year in which the*
25 *Department was required to make a distribution pursuant to the*
26 *agreement, the Department shall distribute in the manner*
27 *described in subsection 5 the proceeds of all sales and use taxes*
28 *imposed on or owed by each participant in the qualified project*
29 *with regard to tangible personal property purchased in the*
30 *political subdivision for use within the geographic boundaries of*
31 *the qualified project, or stored, used or otherwise consumed within*
32 *the geographic boundaries of the qualified project by the*
33 *participant, during a fiscal year other than:*

34 *(a) The amount of any local sales and use taxes for which an*
35 *abatement described in subsection 3 was approved; and*

36 *(b) The proceeds of the taxes imposed pursuant to NRS*
37 *374.110 or 374.111 and NRS 374.190 or 374.191, if the ordinance*
38 *adopted by the political subdivision did not include a pledge of*
39 *such proceeds.*

40 *5. Upon receipt of any money remitted pursuant to subsection*
41 *1 or any money which is required to be distributed pursuant to this*
42 *section, the Department shall deposit:*

43 *(a) Sixty percent of the money with the State Treasurer for*
44 *credit to the Account to Mitigate the Regional Impacts of*
45 *Economic Development created by section 13 of this act.*



1 (b) *Twenty percent of the money with the State Treasurer for*
2 *credit to the Account to Promote Statewide Economic*
3 *Development created by section 14 of this act.*

4 (c) *Twenty percent of the money with the State Treasurer for*
5 *credit to the State General Fund. The money deposited pursuant to*
6 *this paragraph must be accounted for separately in the State*
7 *General Fund and the State Treasurer shall, on a quarterly basis,*
8 *remit the money to the political subdivision in which the qualified*
9 *project is located. If the qualified project is located in more than*
10 *one political subdivision, the money must be distributed equally*
11 *among each political subdivision within which the project is*
12 *located.*

13 6. *In the event of a conflict between this section and any*
14 *other provisions of this title governing the disposition of the*
15 *proceeds of any tax, the provisions of this section prevail.*

16 **Sec. 11.** 1. *As soon as practicable after the expiration of an*
17 *abatement of any taxes for a qualified project:*

18 (a) *The Department shall investigate and prepare an estimate*
19 *of the number of residents of each political subdivision in the*
20 *State who on June 30 of the last year of the abatement were*
21 *employed within the geographic boundaries of the qualified*
22 *project for which the abatement was granted on June 30 of the last*
23 *year of the abatement.*

24 (b) *The Office of Economic Development shall establish a*
25 *regional powers authority.*

26 2. *Not more than one regional powers authority may be*
27 *established per qualified project. If multiple abatements were*
28 *approved in connection with a single qualified project and the*
29 *abatements expire at different times, the tasks described in*
30 *subsection 1 must only be performed after the first time an*
31 *abatement expires.*

32 3. *Each regional powers authority must be composed of:*

33 (a) *Two members:*

34 (1) *Appointed by the governing body of the political*
35 *subdivision in which the qualified project is located, if the*
36 *qualified project is located in a single political subdivision.*

37 (2) *Each of whom is appointed by one of the political*
38 *subdivisions in which the project is located, if the qualified project*
39 *is located in two political subdivisions.*

40 (3) *One of whom is appointed by the political subdivision*
41 *containing the largest portion of the qualified project site and one*
42 *of whom is appointed by the political subdivision containing the*
43 *second largest portion of the qualified project site, if the qualified*
44 *project is located in more than two political subdivisions.*



1 (b) Five members, for whom the authority to appoint must be
2 apportioned by the Office of Economic Development among
3 governing bodies of the political subdivisions of this State
4 according to the percentage of the employees employed on the site
5 of the qualified project who resided in each political subdivision
6 on June 30 of the last year of the abatement according to the
7 estimate prepared by the Department pursuant to paragraph (a) of
8 subsection I.

9 4. A vacancy in the membership of the regional powers
10 authority must be filled by the appointing authority in the same
11 manner as the original appointment.

12 5. A regional powers authority shall elect annually from
13 among its members a Chair and a Vice Chair.

14 6. Four members of a regional powers authority constitutes a
15 quorum for the transaction of business, and the affirmative vote of
16 at least four members of the regional powers authority is required
17 to take action.

18 7. A meeting of a regional powers authority must be
19 conducted in accordance with the provisions of chapter 241 of
20 NRS.

21 8. The members of a regional powers authority serve without
22 compensation but are entitled to receive the per diem allowance
23 and travel expenses provided for state officers and employees
24 generally while engaged in the official business of the regional
25 powers authority.

26 9. A member of a regional powers authority who is an officer
27 or employee of this State or a political subdivision of this State
28 must be relieved from his or her duties without loss of regular
29 compensation so that he or she may prepare for and attend
30 meetings of the regional powers authority and perform any work
31 necessary to carry out the duties of the regional powers authority
32 in the most timely manner practicable. A state agency or political
33 subdivision of this State shall not require an officer or employee
34 who is a member of the regional powers authority to:

35 (a) Make up the time the member is absent from work to carry
36 out his or her duties as a member of the regional powers
37 authority; or

38 (b) Take annual leave or compensatory time for the absence.

39 **Sec. 12. 1.** The purpose of the regional powers authority is
40 to direct allocations of money from the Account to Mitigate the
41 Regional Impacts of Economic Development created by section 13
42 of this act to mitigate the impact of a qualified project on housing,
43 transportation, education, water, wastewater and power in the
44 regions surrounding the qualified project.

45 2. A regional powers authority may:



1 (a) Borrow money through the issuance of bonds and other
2 securities as provided in NRS 408.55048 to 408.55088, inclusive.

3 (b) Incur expenses to obtain accounting, management, legal or
4 financial consulting and other professional services necessary to
5 the operations of the regional powers authority.

6 (c) Request technical advice, support and assistance from the
7 Office of Economic Development.

8 (d) Use money from the Account to Mitigate the Regional
9 Impacts of Economic Development which is attributable to the
10 qualified project for which the regional powers authority was
11 established to pay the administrative expenses of the regional
12 powers authority.

13 (e) Enter into an agreement with a political subdivision to
14 construct, improve, maintain, repair or operate projects of benefit
15 to the region.

16 3. A regional powers authority does not have the independent
17 authority to construct, improve, maintain, repair or operate any
18 public improvement.

19 **Sec. 13. 1. The Account to Mitigate the Regional Impacts**
20 **of Economic Development is hereby created in the State General**
21 **Fund. The State Treasurer shall administer the Account.**

22 2. All interest earned on the money in the Account, after
23 deducting any applicable charges, must be credited to the Account.

24 3. Any money remaining in the Account at the end of each
25 fiscal year does not revert to the State General Fund, and must be
26 carried forward to the next fiscal year.

27 4. Money in the Account that is attributable to a qualified
28 project must be accounted for separately from the money
29 attributable to any other qualified project and may be expended
30 only at the direction of the regional powers authority created with
31 respect to that qualified project for the purposes described in
32 section 12 of this act.

33 5. On or before November 15 of each even-numbered year,
34 each regional powers authority shall submit to the Governor and
35 the Director of the Legislative Counsel Bureau for transmittal to
36 the Legislature a report that includes:

37 (a) For the immediately preceding 2 years, an accounting of
38 all money deposited in the Account which is available for use by
39 the regional powers authority and each use of money from the
40 Account by the regional powers authority; and

41 (b) An estimate of the economic, fiscal and social impact from
42 each use of the money from the Account by the regional powers
43 authority.



1 **Sec. 14.** Chapter 231 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 1. *The Account to Promote Statewide Economic Development*
4 *is hereby created in the State General Fund. The State Treasurer*
5 *shall administer the Account.*

6 2. *All interest earned on the money in the Account, after*
7 *deducting any applicable charges, must be credited to the Account.*

8 3. *Any money remaining in the Account at the end of each*
9 *fiscal year does not revert to the State General Fund, and must be*
10 *carried forward to the next fiscal year.*

11 4. *On or before May 1 of each year, the State Treasurer shall*
12 *distribute all of the money in the Account to each regional*
13 *development authority designated by the Executive Director of the*
14 *Office of Economic Development pursuant to NRS 231.053 in an*
15 *amount that is proportional to the population within the*
16 *boundaries of each regional development authority designated*
17 *pursuant to NRS 231.053.*

18 5. *Money that is distributed to a regional development*
19 *authority from the Account:*

20 (a) *May be used only to promote, aid or encourage the*
21 *economic development of this State.*

22 (b) *May not be used to pay any administrative expenses of the*
23 *regional development authority, including, without limitation,*
24 *expenses for staffing or operations.*

25 6. *A regional development authority shall consult with local*
26 *governments within the boundaries of the regional development*
27 *authority regarding the use of the money distributed to the*
28 *regional development authority pursuant to this section.*

29 7. *On or before November 15 of each even-numbered year,*
30 *each regional development authority shall submit to the Governor*
31 *and the Director of the Legislative Counsel Bureau for transmittal*
32 *to the Legislature a report that includes:*

33 (a) *An accounting of all money distributed to the regional*
34 *development authority from the Account in the immediately*
35 *preceding 2 years, including the amount of money received and*
36 *each use of the money; and*

37 (b) *An estimate of the economic, fiscal and social impact from*
38 *each use of the money distributed to the regional development*
39 *authority from the Account.*

40 **Sec. 15.** The provisions of subsection 1 of NRS 218D.380 do
41 not apply to any provision of this act which adds or revises a
42 requirement to submit a report to the Legislature.

43 **Sec. 16.** This act becomes effective on July 1, 2023.

