

LCB File No. R014-00

PROPOSED REGULATION OF THE COMMISSION ON ECONOMIC DEVELOPMENT

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New Language in Bold Italics

**CHAPTER 231
ECONOMIC DEVELOPMENT**

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NAC 231.010 "Commission" defined. (NRS 231.139) As used in NAC 231.010 to 231.050, inclusive, unless the context otherwise requires, "commission" means the commission on economic development.

(Added to NAC by Comm'n on Econ. Development, eff. 9-5-97)

NAC 231.020 Terms used in NRS 231.139 defined. (NRS 231.139) As used in NRS 231.139:

1. "Intermediate product" means any product that has been processed from its initial raw material stage, but has not yet been made into its final form;
2. "Raw material" means material before it is manufactured into a final form; and
3. "Recycle on site" means to take a raw material or an intermediate product and physically transform that material or product into its final form on the manufacturing site.

(Added to NAC by Comm'n on Econ. Development, eff. 9-5-97)

NAC 231.030 Application for certification of business for exemption of percentage of property from taxation. (NRS 231.139)

1. A proposed business seeking certification by the commission pursuant to subsection 2 of NRS 231.139 must apply for certification on the form prescribed by the commission not more than 18 months before the business begins operating in this state.
2. The commission will deny or approve each application for certification at the first regularly scheduled meeting following receipt of the application if the application is received at least 15 working days before the meeting. An application that is received within that time will be considered at the next regularly scheduled meeting of the commission following the one before which it was received.
3. The commission will consider each application on a case-by-case basis.

(Added to NAC by Comm'n on Econ. Development, eff. 9-5-97)

NAC 231.040 Requirements for business to be "consistent with the state plan for industrial development and diversification" for purposes of certification of business for exemption of percentage of property from taxation. (NRS 231.139) For the purposes of paragraph (a) of subsection 2 of NRS 231.139, a business is "consistent with the state plan for industrial development and diversification" if:

- ~~1. The goals of the business are consistent with the goals of the commission concerning industrial development and diversification;~~
- ~~2. The average hourly wage paid by the business to its employees in this state is at least equal to the average statewide industrial hourly wage as established by the employment security division of the department of employment, training and rehabilitation on July 1 of each fiscal year;~~
- ~~3. The business provides a health insurance plan for all employees that includes, without limitation, an option for health insurance coverage for dependents of employees;~~
- ~~4. The business is registered pursuant to the laws of this state or the applicant commits to obtain a valid business license and any other permit required by the county, city or town in which the business operates;~~
- ~~5. If the business primarily will be located in a county whose population:
(a) Is 100,000 or more, the business will create at least 50 new, permanent jobs in this state by the last day of the fourth quarter that it is in operation; or
(b) Is less than 100,000, the business will create at least 20 new, permanent jobs in this state by the last day of the fourth quarter that it is in operation;~~
- ~~6. The business has obtained a statement from the governing body of each local government whose tax revenue will be affected by the exemption that is signed and dated, indicating that:
(a) The taxes to be paid by the business if the business is certified are sufficient to pay for any investment required to be made by the local government for services associated with the relocation or expansion of the business, including, without limitation, any cost related to the construction and maintenance of roads, services for the provision of sewer and water, fire and police protection and the construction and maintenance of schools; and
(b) The local government is in favor of the exemption and recognizes the potential amount of property of the business which will be exempt from taxation if the commission certifies the business, and the business has provided a copy of the statement to the commission;~~
- ~~7. The business has agreed to provide the commission at the end of each fiscal year with proof that the raw material it received during the year contained a significant percentage of its content from material generated within this state;~~
- ~~8. If the business is applying for an exemption pursuant to paragraph (a) of subsection 1 of NRS 361.0685, the business agrees to provide the commission at the end of each fiscal year with proof that it is in compliance with the provisions of that paragraph; and~~
- ~~9. The business has executed an agreement with the commission that grants the commission the right to review any document which the commission determines is necessary to verify the eligibility of the business for the exemption.]~~

A. Objectives. The company is consistent the Commission on Economic Development's State Plan for Industrial Development and Diversification. The overall objectives of the State Plan for Economic Diversification and Development include:

- 1. Diversification from the gaming and hospitality industry;***

2. *Attraction of basic industries such as manufacturing, warehousing and distribution, and back-office operations;*
 3. *Attraction of business facilities and services such as corporate headquarters, research and development operations, and producer services; and*
 4. *Expansion of existing basic businesses and industries as described above.*
- A. *The Commission determines the abatement is a significant factor in the decision of the person to locate or expand a business in this state.*
 - B. *The company will provide a medical insurance plan for all employees including an option for dependent health insurance coverage.*
 - D. *The business is registered pursuant to the laws of this state or the applicant commits to obtain all licenses and permits required by this state and the county, city or town in which the business operates.*
 - E. *The applicant commits to maintaining the business in this state for 10 years. This 10-year period begins when the applicant begins paying taxes to the Department of Taxation.*

The applicant must meet two (2) of the three (3) following criteria:

1. *Wage Requirement. The company's average hourly wage at the Nevada facility equals or exceeds 100% of the average hourly wage established by the Nevada Department of Employment, Training, and Rehabilitation.*

Number of Jobs Required. For counties/cities with a population of more than 50,000 a minimum of 75 full-time permanent jobs in Nevada by the fourth quarter of operation and continues to employ at least the minimum. For counties/cities with a population of less than 50,000 a minimum of 25 full-time permanent jobs in Nevada by the fourth quarter of operation and continues to employ at least the minimum. For an expansion, the company must increase the number of employees on the payroll by 10% or six employees, whichever is greater. Abatement is void if business fails to comply. Short-term vacancies in employment do not void the abatement if the business is attempting in good faith to fill vacancies and does so within a period of time considered reasonable by the Commission.

2. *Capital Investment Requirement. For counties/cities with a population of more than 50,000, a capital investment of \$50million is required. Technology-oriented businesses require \$5million in capital investment. For counties/cities with a population of less than 50,000, a capital investment of \$5million is required. Technology-oriented businesses require \$500,000 in capital investment. In cases of expansion, the capital investment must equal at least 20% of the value of tangible property possessed by the business.*

Of the above three criteria, wage requirement is the factor the Commission will consistently enforce, only under special circumstances will there be exceptions.

If a business is not maintained in this state for 10 years after tax abatement approval, the company will repay to the Department of Taxation the amount of the abatement allowed before the failure to comply. Interest will be repaid on the amount due at the rate most recently established pursuant to NRS 99.040, or portion thereof, from the last day of the month following the period payment would have been made had the abatement not been granted, until the date of the actual tax payment. The Nevada Department of Taxation can determine the business has substantially complied with the requirements.

As a condition of approval, applicant agrees in writing to supply upon request copies of all necessary records for the Commission's director to verify the applicant meets all requirements.

The Commission on Economic Development reserves the right to grant or deny certification on a case-by-case basis.

A letter in support of the tax abatement from the local development authority is required.

The applicant will register with the Department of Taxation on a separate form if an account has not been established.

Upon certification, the Commission will immediately forward the application for abatement to the Nevada Department of Taxation – the administrator for tax abatements.

(Added to NAC by Comm'n on Econ. Development, eff. 9-5-97)

NAC 231.050 Exemption of percentage of property of businesses certified by commission from taxation: Quantity and duration; effective date; commission to forward certificate of eligibility. (NRS 231.139)

~~[1. Unless otherwise agreed to in writing by the governing body of the local government whose tax revenue will be affected by an exemption granted to a business pursuant to NRS 361.0685:]~~

(a) ~~[Seventy five]~~ **Fifty** percent of the personal property of the business is exempt from taxation for 10 consecutive years; and

~~[(b) Seventy five percent of the real property of the business is exempt from taxation for 20 consecutive years.~~

~~An exemption granted pursuant to NRS 361.0685 must not exceed the quantity or duration set forth in this subsection.]~~

2. During any year, if the commission grants an exemption to a business pursuant to NRS 361.0685:

(a) Between July 1 and December 31, the exemption applies from the date on which the commission makes such a determination, unless the applicant and the governing body of the local government whose tax revenue will be affected by the exemption agree upon another date and the governing body provides written authorization for that date; or

(b) Between January 1 and June 30, the exemption may be applied beginning on July 1 of that year, unless the applicant and the governing body of the local government whose tax revenue will be affected by the exemption agree upon another date and the governing body provides written authorization for that date.

3. If the commission grants an exemption pursuant to NRS 361.0685, the commission shall immediately forward ~~[a certificate of eligibility]~~ *a letter of notification* for the exemption that states the percentage of the property that is exempt to:

(a) The department of taxation; and

(b) The county assessor of each county in which personal property used in connection with the business will be located.

(Added to NAC by Comm'n on Econ. Development, eff. 9-5-97)