

ECONOMIC DEVELOPMENT INCENTIVES

OVERVIEW OF COMMON PRACTICES AND DESCRIPTION OF INCENTIVE PROGRAMS AVAILABLE IN NEVADA

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WHEN ARE INCENTIVES CONSIDERED?

If an industrial prospect is considering the following:

- Constructing new facilities
- Expanding existing operations
- Acquiring operations
- Consolidating operations
- Making routine capital investments
 - Upgrading technology
 - Replacing equipment
 - Could include prior year investments
- Creating jobs
- Retaining jobs
- Training new and existing employees

WHAT INCENTIVES CAN MEAN TO THE INDUSTRIAL PROSPECT?

- Reduction in start-up, expansion, consolidation and on-going operating costs

WHAT ACTIVITIES DOES THE INDUSTRIAL PROSPECT AND /OR THEIR SITE SELECTION CONSULTANT UNDERTAKE WITH REGARD TO INCENTIVES?

- Identifying federal, state and local opportunities
- Developing and presenting formal project presentations to state and local authorities outlining desired incentives
- Demonstrating the economic and fiscal impacts that new investment and jobs will provide to the state and local economies
- Structuring and negotiating a state and local economic incentives package
- Conducting state and local tax burden and incentives analyses to assist in comparing the tax and incentives impacts between alternate site locations
- Preparing and submitting required incentives applications and documents
- Participating in public hearings necessary to obtain formal approvals for negotiated incentives
- Reviewing and negotiating agreements and other documents associated with granted incentives from a financial and operational perspective to maximize benefits and minimize “clawbacks” and penalties
- Developing and implementing a plan to perform required compliance reporting and filings in order to maintain benefits that have been secured
- Perform state and local tax burden and incentives analyses that estimate the long term tax burden the industry will likely incur if investment in operations in a specific state and municipality occurs. Analyses typically include the following state and local corporate taxes, as appropriate:

- State Income/Franchise
 - State Net Worth
 - Workers Compensation
 - Unemployment Insurance
 - Real Property Tax
 - Personal Property Tax
 - Inventory Tax
 - Sales and Use Tax
 - Utilities Tax
 - Local Net Profits Tax
 - Impact of State and Local Tax Incentives and Credits
- Analyze the tax burden prior to and after the impact of state and local tax incentives and credits. The analyses typically provide estimates over a ten year period, but can be adjusted to reflect any time period that is deemed appropriate.
 - Develop and implement strategies for enhancing the value of incentives and credits that the company has already secured including:
 - Reducing federal and state tax liability for incentives that have been granted
 - Negotiating incentives agreements that increase benefits and reduce clawbacks and penalties
 - Renegotiating terms and conditions of existing agreements if unable to achieve jobs and investment targets
 - Introducing new incentives structures to state and local officials that provide increased value to the industry
 - Renegotiating terms and conditions of existing agreements when job and investment targets are exceeded

WHAT INCENTIVE COMPLIANCE MONITORING ISSUES MUST BE CONSIDERED?

- Identifying and cataloging applicable incentives and compliance requirements
- Identifying state and local economic development officials responsible for compliance
- Identifying industry personnel that are sources of data necessary to complete compliance reporting
- Developing a schedule of compliance reporting including data source notification dates, data collection deadlines, reporting deadlines, and certification dates
- Customizing a data compilation plan that best fits the industry's internal organization and structure
- Compiling data and preparing required compliance reports
- Submitting compliance reports to the appropriate public officials and monitoring certification approvals when appropriate
- Negotiating retention of incentives when investment, jobs, payroll, and other project targets are not achieved or maintained

WHAT ARE BROWNFIELDS TAX CREDITS?

Brownfields are abandoned or underutilized properties where expansion or redevelopment is complicated by environmental contamination. Brownfields may be found in every state, city, and town, as well as urban and rural areas, both large and small. It is estimated that there are potentially more than 450,000 brownfields in the United States.

As abandoned buildings or lots brownfields tend to have a decaying influence on the community and present a tremendous barrier to economic growth and opportunity. There are often large populations in the immediate area that need employment opportunities. Once it becomes economically feasible to clean up these sites they become prime spots for business, economic development and job creation.

The Brownfields Tax Credit Program is a powerful incentive for cities, developers and parties facing brownfields liability to transform the sites into job producing economic development.

An incentive-based tax credit program exists to foster redevelopment of contaminated (actual or presumed) industrial and commercial sites.

Brownfield tax credits are allowed only in state-approved Brownfield Redevelopment Authorities (BRAs).

Many communities offer tax and other incentives for brownfield remediation.

WHAT ARE EMPLOYMENT AND JOB CREATION TAX CREDITS?

The federal government and many state and local governments offer incentives and tax credits related to new jobs and ongoing employment. Examples include:

- New job creation
- Hiring or ongoing employment in empowerment zones, enterprise zones, renewal communities or other targeted geographical areas to promote hiring or employment from within or in those geographic areas
- Expanding or constructing a new facility
- Relocation of your facility or new capital investment

WHAT ARE FEDERAL EMPOWERMENT ZONE AND RENEWAL COMMUNITY CREDITS?

The Empowerment Zone Employment Credit (EZ Wage Credit) and Renewal Community Employment Credit (RC Wage Credit) give businesses an incentive to retain or hire individuals who both live and work in an Empowerment Zone (EZ) or a Renewal Community (RC),

respectively. The most common benefit for operations within designated zones are eligible businesses can claim a wage credit for “qualified wages” to eligible employees for operations within designated zones. The wage credit is 20% of the first \$15,000 in qualified wages per eligible employee within Empowerment Zones and 15% of the first \$10,000 in qualified wages per eligible employees within Renewal Communities. Thus, a qualified employer can claim as much as \$3,000 per eligible employee per year for the EZ Wage Credit and up to \$1,500 per year for the RC Wage Credit. The credit is available with respect to all EZs and RCs beginning January 1, 2002. Designated areas are eligible for wage credits for operations through December 31, 2009.

Empowerment Zone Employment Credit (EZ Wage Credit)

- Credit against Federal taxes of up to \$3,000 for wages paid to each eligible employee (existing and new hire) who lives and works in the EZ.

Renewal Community Employment (RC Wage Credit)

- Credit against Federal taxes up to \$1,500 for wages paid to each eligible employee (existing and new hire) who lives and works in the RC.

WHAT IS A HEADQUARTERS TAX CREDIT?

Companies establishing or relocating their headquarters (and the headquarters of a subsidiary in some cases) in certain states (Nevada has not adopted a Headquarters Tax Credit) or communities are eligible to receive tax credits and incentives.

States have guidelines such as:

- Definition of “headquarters”
- Certain job creation levels may need to be achieved
- Minimum amount of investment
- Certain employment levels may need to be achieved
- Minimum amount of wages or wage levels

WHAT IS THE FEDERAL NEW MARKETS TAX CREDIT?

- Enacted on December 21, 2000
- Part of the Community Renewal Tax Relief Act of 2000
- Creates a tax credit for equity investments in Community Development Entities (CDEs)
- Credit taken over a 7-year period at the following rate:
 - 5% in each of the first 3 years
 - 6% in each of the final 4 years
- Equals 39% of the amount of the original investment

NMTCs are offered to investors for “Qualified Equity Investments” (QEIs) in Community Development Entities (CDEs). QEI is any purchase of stock or capital interest in a for-profit corporation or partnership. CDEs are a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments or financial counseling in “Low-Income Communities” (LICs).

The NMTC program permits taxpayers to receive a credit against Federal income taxes for the QEI in an eligible CDE. Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period.

WHAT ARE SPECIAL PURPOSE INCENTIVES AND GRANTS?

With the proliferation of state and federal tax credits and incentives offered by jurisdictions increasing every year, several jurisdictions have begun to implement special purpose incentives and credits designed for specific industries and/or locations. These special purpose incentives and credits provide enhanced benefits generally only available to designated industries and/or for specific activities.

Examples of Special Purpose Incentives & Credits

- Special Alternative Apportionment Formula
- Cash Grants
- Subsidized land costs
- Increased investment tax credits
- Increased employment tax credits
- Infrastructure development and/or grants

WHAT ARE STATE ENTERPRISE ZONE TAX CREDITS?

An Enterprise Zone is a specific geographic area targeted for economic revitalizing. The purpose of Enterprise Zone programs is to encourage job creation and capital investment in areas of economic distress. The programs provide communities with an economic development tool to offer state and local incentives (tax and non-tax benefits) and program priority to new or expanding business in these designated areas.

At present, over 30 States administer enterprise zone programs as an additional economic development tool for communities attempting to retain and expand their economic base (Nevada does not have state-designated enterprise zones). Each state enterprise zone is different but these programs offer incentives generally for job creation and capital investment within zone boundaries.

WHAT ARE TAX ABATEMENTS?

Tax abatements are offered by many communities in the form of deductions from assessed valuation or exemptions.

Generally property owners making improvements to the real property or installing new manufacturing and/or research and development equipment is eligible for real and/or tangible property tax abatement.

Property owners must apply for designation to the local governing body, usually the town board, city council, county council, or the metropolitan development commission having jurisdiction over the area. States with tangible property taxes may also include new and used equipment used in production or manufacturing. Many states do not allow equipment not used in direct production such as office equipment for abatement.

A governing body or political subdivision may “abate” all or a portion of its real property tax or tangible property tax for economic development purposes, usually subject to a duration limit and a limit on the amount of abatements.

The “abatement” can be:

- A rebate of property taxes to the property owner
- A reallocation of taxes to pay bondholders
- A reallocation of taxes to pay for public infrastructure costs
- A deferment of property taxes

The “abatement” can be for:

- New or used manufacturing equipment
- Research and development equipment
- Pollution control equipment
- Real property improvements
- Land

WHAT IS TAX INCREMENT FINANCING?

Tax Increment Financing has proven to be a widely used economic development tool nationwide.

Many states allow local communities to use the taxes resulting from the increase in taxable valuation caused by the construction of new industrial or commercial facilities to provide economic development incentives to a business or industry. Tax Increment Financing (TIF) may be used to offset the cost of public improvements and utilities that will serve the new private development, to finance direct grants or loans to a company, or to provide the local match for federal or state economic development assistance programs.

TIF is a method of facilitating development or redevelopment of defined areas of property by utilizing future tax revenues to pay for some of the necessary improvements. TIF allows local officials to designate an area (“TIF District”) for improvement and then earmark any future growth in property tax revenues in that District to pay for the predetermined development expenditures in that District.

The cost of improvements to the area is repaid by the contributions of future tax revenues by each participating taxing unit that levies taxes against the property. Each taxing unit can choose to dedicate all, a portion of, or none of the tax revenue that is attributable to the increase in property values due to the improvements within the reinvestment zone. The additional tax revenue that is received from the affected properties is referred to as the tax increment. Each taxing unit determines what percentage of its tax increment, if any, it will commit to repayment of the cost of financing the public improvements.

The laws vary from state to state on the type of taxes (real property, tangible property, sales, utility, etc.) used to fund TIF districts. The state laws also vary on the designation of qualifying areas and types of investments approved for TIF usage.

Depending on the specific state the following investments might qualify: Acquisition of land, new facilities, infrastructure improvements, production machinery, utility improvements, and other capital investments.

WHAT ARE TRAINING GRANTS AND TRAINING CREDITS?

Training grants and training credits are generally available to companies that are creating a specific number of jobs, investing in certain skills training and/or creating job growth or retaining jobs in certain geographic areas.

The federal government and many state and local governments offer incentives and tax credits related to training or re-training.

Examples include:

- New job creation
- Hiring or ongoing employment in empowerment zones, enterprise zones, renewal communities or other targeted geographical areas to promote hiring or employment from within or in those geographic areas
- Expanding or constructing a new facility
- Investing in new technology, machinery or equipment that will require additional training
- Ongoing training meeting certain guidelines
- Relocation of your facility or new capital investment

WHAT SPECIFIC INCENTIVE PROGRAMS EXIST IN NEVADA?

Job Training: The Nevada Train Employees Now Program provides short-term, skills based intensive job training to assist new and expanding firms to reach productivity quickly. A customized program is designed covering recruitment, hiring and job training for Nevada residents. It is the State's policy to support firms demonstrating a human-relations commitment through a meaningful wage and fringe benefit policy.

Each training program is designed jointly by the firm and state agencies. Major elements of the program include the development of a job applicant list, programming, materials, and classroom training. State agencies involved are the Commission on Economic Development, the Employment Security Division and the State Job Training Office, both divisions of the Department of Employment, Training and Rehabilitation. Training providers include local community colleges, private post-secondary institutions, or others identified by the applicant.

Nevada's Job Training Program Benefits

- Assistance with employee screening;
- The employer determines the goals and objectives of the training;
- Most direct training costs are eligible for reimbursement, including:
 - Consumable materials and equipment
 - Rental of tools and equipment
 - Rental of training site
 - Instructor salaries and benefits
 - Travel and per diem for limited number of instructors and trainees (if applicable).

Eligibility for Nevada's Job Training Program

- Businesses must hire a minimum of 10 trainees to participate. Trainees must be Nevada residents. The ceiling expenditure per trainee is \$1,000.
- Wages for jobs considered for training must exceed 80% of the statewide or county average annual hourly wage, whichever is less. (Current statewide average hourly wage is \$16.49)
- Businesses must provide health insurance with option for dependents.
- Training is provided only for full-time, primary jobs created by companies locating or undertaking a significant expansion in Nevada.
- Existing businesses must prove growth by physical expansion, significantly increased employment or other factors indicating new investment and job creation.
- Grants are available for short-term customized training for new employees.
- Classroom training is limited to 30 days and must be completed within a 90-day period.
- Training must commence within the first 90 days after approval by the Commission. If the deadline is not met, the Commission, after review and reconsideration, may reallocate the monies to other companies seeking funding during the fiscal year.
- The program can fund up to 75% of total eligible costs. The company is required to contribute at least 25% of total eligible costs.

- Businesses must attempt to leverage other state and federal training resources wherever feasible.
- Businesses (or parent company) must have a proven business history.
- Businesses must commit to Nevada for five years. Businesses that fail to meet program criteria as set out in their application, may be required to return all or a portion of the funds.
- Companies that receive Train Employees Now funding are required to provide to the Commission a report regarding the employees trained with these funds. (Current work status, "trainees" hourly wage and company employment counts.)

Training providers that receive Train Employees Now funding will provide to Nevada Commission on Economic Development of a report of all companies and their funding and training status on a quarterly basis during the training period. Records must be maintained for possible Legislative review.

Note: Applications for program development and related costs will be evaluated by a local post-secondary educational institution before final payment is rendered. If approved, these training monies will be granted to the appropriate educational institution, NOT the business.

Favorable Tax Structure: In Nevada there is:

- No Corporate Income Tax
- No Personal Income Tax
- No Franchise Tax on Income
- No Inheritance or Gift Tax
- No Admissions Tax
- No Unitary Tax
- No Estate Tax*
- Competitive Sales and Property Tax Rates
- Minimal Employer Payroll Tax - 0.7% of gross wages with deductions for employer paid health insurance

(A small assessed "pick-up tax" that cannot exceed the maximum allowable credit against the federal estate return.)*

Tax Abatement: The following tax abatement incentives are offered at the state level:

- Sales and Use Tax Deferral Program
- Sales and Use Tax Abatement
- Modified Business Tax Abatement
- Property Tax Abatement
- Property Tax Abatement for Recycling/Retail Wheeling
- Renewable Energy Abatements

Industrial Development Revenue Bonds: The Industrial Development Revenue Bond (IDRB) program is a vital component of Nevada's economic development and diversification efforts. Since its inception, 53 bonds have been issued, representing financing of \$810 million and the creation of about 4,000 new jobs. IDRB's are a special tax-exempt form of financing made available by the State of Nevada to finance qualified projects at interest rates substantially below comparable commercial rates. Bonds offer flexible terms at variable and fixed interest rates. All borrowers must be credit worthy and present financially feasible business plans. The Nevada Office of Business Finance and Planning offers financing for the following:

- Manufacturing Facilities
- Solid Waste or Recycling Facilities
- Non-Profit facilities for Health Care, Assisted Living, Educational, Civic or Cultural activities owned and operated by qualified non-profit organizations
- Small Projects through the Mini-Bond Direct Placement Program (\$500,000 to \$3 Million) (under development)
- Renewable Energy Projects

NEVADA REVISED STATUTES ADDRESSING TAX EXEMPTIONS WHICH MAY BENEFIT INDUSTRIAL PROSPECTS CONSIDERING NEVADA

NRS 361.068 Business inventories and consumables, livestock, bees, certain pipe and agricultural equipment, boats, campers, fine art for public display and certain personal property of nonresidents exempted; establishment of de minimis exemption for personal property.

1. The following personal property is exempt from taxation:

- (a) Personal property held for sale by a merchant;
- (b) Personal property held for sale by a manufacturer;
- (c) Raw materials and components held by a manufacturer for manufacture into products, and supplies to be consumed in the process of manufacture;
- (d) Tangible personal property purchased by a business which will be consumed during the operation of the business;
- (e) Livestock;
- (f) Colonies of bees;
- (g) Pipe and other agricultural equipment used to convey water for the irrigation of legal crops;
- (h) All boats;
- (i) Slide-in campers and camper shells;
- (j) Except as otherwise provided in [NRS 361.186](#), fine art for public display; and
- (k) All personal property that is:
 - (1) Owned by a person who is not a resident of this state; and
 - (2) Located in this state solely for the purposes of a display, exhibition, convention, carnival, fair or circus that is transient in nature.

2. The Nevada Tax Commission may exempt from taxation that personal property for which the annual taxes would be less than the cost of collecting those taxes. If such an exemption is

provided, the Nevada Tax Commission shall annually determine the average cost of collecting property taxes in this state which must be used in determining the applicability of the exemption.

3. A person claiming the exemption provided for in paragraph (j) of subsection 1 shall:

(a) On or before June 15 for the next ensuing fiscal year, file with the county assessor an affidavit declaring that the fine art will, during that ensuing fiscal year, meet all the criteria set forth in paragraph (b) of subsection 4; and

(b) During any fiscal year in which he claims the exemption, make available for educational purposes and not for resale, upon written request and without charge to any public school as defined in [NRS 385.007](#), private school as defined in [NRS 394.103](#) and parent of a child who receives instruction in a home pursuant to [NRS 392.070](#), one copy of a poster depicting the fine art that the facility has on public display if such a poster is available for purchase by the public at the time of the request.

4. As used in this section:

(a) “Boat” includes any vessel or other watercraft, other than a seaplane, used or capable of being used as a means of transportation on the water.

(b) “Fine art for public display”:

(1) Except as otherwise provided in subparagraph (2), means a work of art which:

(I) Is an original painting in oil, mineral, water colors, vitreous enamel, pastel or other medium, an original mosaic, drawing or sketch, an original sculpture of clay, textiles, fiber, wood, metal, plastic, glass or a similar material, an original work of mixed media or a lithograph;

(II) Was purchased in an arm’s length transaction for \$25,000 or more, or has an appraised value of \$25,000 or more;

(III) Is on public display in a public or private art gallery, museum or other building or area in this state for at least 20 hours per week during at least 35 weeks of each year for which the exemption is claimed or, if the facility displaying the fine art disposes of it before the end of that year, during at least two-thirds of the full weeks during which the facility had possession of it, or if the gallery, museum or other building or area in which the fine art will be displayed will not be opened until after the beginning of the fiscal year for which the exemption is claimed, these display requirements must be met for the first full fiscal year after the date of opening, and the date of opening must not be later than 2 years after the purchase of the fine art being displayed; and

(IV) Is on display in a facility that is available for group tours by pupils or students for at least 5 hours on at least 60 days of each full year for which the exemption is claimed, during which the facility in which it is displayed is open, by prior appointment and at reasonable times, without charge; and

(2) Does not include:

(I) A work of fine art that is a fixture or an improvement to real property;

(II) A work of fine art that constitutes a copy of an original work of fine art, unless the work is a lithograph that is a limited edition and that is signed and numbered by the artist;

(III) Products of filmmaking or photography, including, without limitation, motion pictures;

(IV) Literary works;

(V) Property used in the performing arts, including, without limitation, scenery or props for a stage; or

(VI) Property that was created for a functional use other than, or in addition to, its aesthetic qualities, including, without limitation, a classic or custom-built automobile or boat, a

sign that advertises a business, and custom or antique furniture, lamps, chandeliers, jewelry, mirrors, doors or windows.

(c) "Personal property held for sale by a merchant" includes property that:

(1) Meets the requirements of sub-subparagraphs (I) and (II) of subparagraph (1) of paragraph (b);

(2) Is made available for sale within 2 years after it is acquired; and

(3) Is made available for viewing by the public or prospective purchasers, or both, within 2 years after it is acquired, whether or not a fee is charged for viewing it and whether or not it is also used for purposes other than viewing.

(d) "Public display" means the display of a work of fine art where members of the public have access to the work of fine art for viewing during publicly advertised hours. The term does not include the display of a work of fine art in an area where the public does not generally have access, including, without limitation, a private office, hallway or meeting room of a business, a room of a business used for private lodging and a private residence.

(e) "Pupil" means a person who:

(1) Is enrolled for the current academic year in a public school as defined in [NRS 385.007](#) or a private school as defined in [NRS 394.103](#); or

(2) Receives instruction in a home and is excused from compulsory attendance pursuant to [NRS 392.070](#).

(f) "Student" means a person who is enrolled for the current academic year in:

(1) A community college or university; or

(2) A licensed postsecondary educational institution as defined in [NRS 394.099](#) and a course concerning fine art.

(Added to NRS by 1979, 79; A 1983, 1191; 1987, 854; 1989, 169; 1995, 152, 2709; 1997, 1197, 1569, 2979; [1999, 623](#), [624](#), [3198](#), [3201](#); [2001, 229](#), [1541](#), [1543](#))

NRS 361.0685 Exemption of percentage of personal and real property of certain businesses certified by Commission on Economic Development.

1. Except as otherwise provided in this section, if a:

(a) Business that engages in the primary trade of preparing, fabricating, manufacturing or otherwise processing raw material or an intermediate product through a process in which at least 50 percent of the material or product is recycled on site; or

(b) Business that includes as a primary component a facility for the generation of electricity from recycled material,

□ is found by the Commission on Economic Development to have as a primary purpose the conservation of energy or the substitution of other sources of energy for fossil sources of energy and obtains certification from the Commission on Economic Development pursuant to [NRS 360.750](#), the Commission may, if the business additionally satisfies the requirements set forth in subsection 2 of [NRS 361.0687](#), grant to the business a partial abatement from the taxes imposed on real property by this chapter.

2. If a partial abatement from the taxes imposed on real property by this chapter is approved by the Commission on Economic Development pursuant to [NRS 360.750](#) for a business described in subsection 1:

(a) The partial abatement must:

(1) Be for a duration of at least 1 year but not more than 10 years;

(2) Not exceed 50 percent of the taxes on real property payable by the business each year pursuant to this chapter; and

(3) Be administered and carried out in the manner set forth in [NRS 360.750](#).

(b) The Executive Director of the Commission on Economic Development shall notify the county assessor of the county in which the business is located of the approval of the partial abatement, including, without limitation, the duration and percentage of the partial abatement that the Commission granted. The Executive Director shall, on or before April 15 of each year, advise the county assessor of each county in which a business qualifies for a partial abatement during the current fiscal year as to whether the business is still eligible for the partial abatement in the next succeeding fiscal year.

3. The partial abatement provided in this section applies only to the business for which certification was granted pursuant to [NRS 360.750](#) and the property used in connection with that business. The exemption does not apply to property in this state that is not related to the business for which the certification was granted pursuant to [NRS 360.750](#) or to property in existence and subject to taxation before the certification was granted.

4. As used in this section, a “facility for the generation of electricity from recycled material” is a facility which uses recycled material as its primary fuel including material from:

(a) Industrial or domestic waste, other than hazardous waste, even though it includes a product made from oil, natural gas or coal, such as plastics, asphalt shingles or tires;

(b) Agricultural crops, whether terrestrial or aquatic, and agricultural waste, such as manure and residue from crops; and

(c) Municipal waste, such as sewage and sludge.

The term includes all the equipment in the facility used to process and convert into electricity the energy derived from a recycled material fuel.

(Added to NRS by 1993, 819; A 1995, 1142; 1997, 3109; [2001, 1578](#))

NRS 361.0687 Partial abatement of taxes imposed on certain new or expanded businesses. [Effective through June 30, 2009.]

1. A person who intends to locate or expand a business in this state may, pursuant to [NRS 360.750](#), apply to the Commission on Economic Development for a partial abatement from the taxes imposed by this chapter.

2. For a business to qualify pursuant to [NRS 360.750](#) for a partial abatement from the taxes imposed by this chapter, the Commission on Economic Development must determine that, in addition to meeting the other requirements set forth in subsection 2 of that section:

(a) If the business is a new business in a county whose population is 100,000 or more or a city whose population is 60,000 or more:

(1) The business will make a capital investment in the county of at least \$50,000,000 if the business is an industrial or manufacturing business or at least \$2,000,000 if the business is not an industrial or manufacturing business; and

(2) The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide hourly wage as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

(b) If the business is a new business in a county whose population is less than 100,000 or a city whose population is less than 60,000:

(1) The business will make a capital investment in the county of at least \$500,000; and

(2) The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide 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. Except as otherwise provided in [NRS 361.0685](#) and subsection 4, if a partial abatement from the taxes imposed by this chapter is approved by the Commission on Economic Development pursuant to [NRS 360.750](#):

(a) The partial abatement must:

- (1) Be for a duration of at least 1 year but not more than 10 years;
- (2) Not exceed 50 percent of the taxes on personal property payable by a business each year pursuant to this chapter; and
- (3) Be administered and carried out in the manner set forth in [NRS 360.750](#).

(b) The Executive Director of the Commission on Economic Development shall notify the county assessor of the county in which the business is located of the approval of the partial abatement, including, without limitation, the duration and percentage of the partial abatement that the Commission granted. The Executive Director shall, on or before April 15 of each year, advise the county assessor of each county in which a business qualifies for a partial abatement during the current fiscal year as to whether the business is still eligible for the partial abatement in the next succeeding fiscal year.

4. If a partial abatement from the taxes imposed by this chapter is approved by the Commission on Economic Development pursuant to [NRS 360.750](#) for a facility for the generation of electricity from renewable energy or a facility for the production of an energy storage device:

(a) The partial abatement must be:

- (1) For a duration of 10 years;
- (2) Equal to 50 percent of the taxes on real and personal property payable by the facility each year pursuant to this chapter; and
- (3) Administered and carried out in the manner set forth in [NRS 360.750](#).

(b) The Executive Director of the Commission on Economic Development shall:

- (1) Notify the county assessor of the county in which the facility is located of the approval of the partial abatement; and
- (2) Advise the county assessor of the county in which the facility is located as to the dates on which the partial abatement will begin and end.

5. As used in this section:

(a) “Biomass” means any organic matter that is available on a renewable basis, including, without limitation:

- (1) Agricultural crops and agricultural wastes and residues;
- (2) Wood and wood wastes and residues;
- (3) Animal wastes;
- (4) Municipal wastes; and
- (5) Aquatic plants.

(b) “Energy storage device” means a device for use and storage of electrical energy that alleviates the consumption of fossil fuel and does not produce fossil fuel emissions.

(c) “Facility for the generation of electricity from renewable energy” means a facility for the generation of electricity that:

- (1) Uses renewable energy as its primary source of energy; and
- (2) Has a generating capacity of at least 10 kilowatts.

□ The term includes all the machinery and equipment that is used in the facility to collect and store the renewable energy and to convert the renewable energy into electricity. The term does not include a facility that is located on residential property.

(d) “Industrial or manufacturing business” does not include a facility for the generation of electricity from renewable energy.

(e) “Renewable energy” means:

- (1) Biomass;
- (2) Solar energy; or
- (3) Wind.

□ The term does not include coal, natural gas, oil, propane or any other fossil fuel, or nuclear energy.

(Added to NRS by 1997, 3310; A [1999, 1743](#); [2001, 1580, 1983](#); [2003, 56, 2923, 2927](#))

NRS 361.0687 Partial abatement of taxes imposed on certain new or expanded businesses. [Effective July 1, 2009.]

1. A person who intends to locate or expand a business in this state may, pursuant to [NRS 360.750](#), apply to the Commission on Economic Development for a partial abatement from the taxes imposed by this chapter.

2. For a business to qualify pursuant to [NRS 360.750](#) for a partial abatement from the taxes imposed by this chapter, the Commission on Economic Development must determine that, in addition to meeting the other requirements set forth in subsection 2 of that section:

(a) If the business is a new business in a county whose population is 100,000 or more or a city whose population is 60,000 or more:

(1) The business will make a capital investment in the county of at least \$50,000,000 if the business is an industrial or manufacturing business or at least \$5,000,000 if the business is not an industrial or manufacturing business; and

(2) The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide hourly wage as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

(b) If the business is a new business in a county whose population is less than 100,000 or a city whose population is less than 60,000:

(1) The business will make a capital investment in the county of at least \$5,000,000 if the business is an industrial or manufacturing business or at least \$500,000 if the business is not an industrial or manufacturing business; and

(2) The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide 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. Except as otherwise provided in [NRS 361.0685](#), if a partial abatement from the taxes imposed by this chapter is approved by the Commission on Economic Development pursuant to [NRS 360.750](#):

(a) The partial abatement must:

(1) Be for a duration of at least 1 year but not more than 10 years;

(2) Not exceed 50 percent of the taxes on personal property payable by a business each year pursuant to this chapter; and

(3) Be administered and carried out in the manner set forth in [NRS 360.750](#).

(b) The Executive Director of the Commission on Economic Development shall notify the county assessor of the county in which the business is located of the approval of the partial abatement, including, without limitation, the duration and percentage of the partial abatement that the Commission granted. The Executive Director shall, on or before April 15 of each year, advise the county assessor of each county in which a business qualifies for a partial abatement during the current fiscal year as to whether the business is still eligible for the partial abatement in the next succeeding fiscal year.

(Added to NRS by 1997, 3310; A [1999, 1743](#); [2001, 1580](#), [1581](#), [1983](#); [2003, 56](#), [2923](#), [2927](#), effective July 1, 2009)

ADDITIONAL INFORMATION

The information in this summary paper was compiled largely from the following sources:

Nevada Commission On Economic Development

108 E. Proctor Street

Carson City, Nevada 89701-4240

(775) 687-4325

www.expand2Nevada.com

Nevada Revised Statutes

<http://www.leg.state.nv.us/NRS>

IncentisGroup (consulting firm providing services to industrial clients seeking to relocate)

<http://www.incentisgroup.com/>

Other Resources:

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http://news.minnesota.publicradio.org/features/199605/01_wittl_econwar/studyguide/bartik.htm

Janowitz, Michelle. *Idaho Unveils New Incentives*. Business Facilities. August 2005.

http://www.businessfacilities.com/bf_05_08_analysis3.asp

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Hedgcoth, Rachel. *Partnerships, Incentives Help Land Food Processing Companies*. Expansion Management. September 14, 2005.

<http://www.expansionmanagement.com/smo/articleviewer/default.asp?cmd=articledetail&articleid=16657&st=2>

Freyer, Robert P. Introduction to Industrial Development Financing in Nevada. Orrick, Herrington and Sutcliffe, LLP. San Francisco. Prepared for Nevada Department of Business and Industry. October 2000.

<http://dbi.state.nv.us/bfp/DOWNLOAD/INTRODUCTION%20TO%20INDUSTRIAL%20DEV%20FINANCING%20IN%20NEVADA.DOC>