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NRS 271B

CHAPTER 271B - ECONOMIC DIVERSIFICATION

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GENERAL PROVISIONS

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NRS 271B.010 Definitions. [Effective through June 30, 2036.] As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 271B.020 to 271B.060, inclusive, have the meanings ascribed to them in those sections.

(Added to NRS by 2014, 28th Special Session, 25)

NRS 271B.020 “District” defined. [Effective through June 30, 2036.] “District” means an economic diversification district created pursuant to NRS 271B.070.

(Added to NRS by 2014, 28th Special Session, 25)

NRS 271B.030 “Lead participant” defined. [Effective through June 30, 2036.] “Lead participant” has the meaning ascribed to it in NRS 360.883 or 360.915.

(Added to NRS by 2014, 28th Special Session, 25; A 2015, 29th Special Session, 38)

NRS 271B.040 “Municipality” defined. [Effective through June 30, 2036.] “Municipality” means any county or city in this State.

(Added to NRS by 2014, 28th Special Session, 25)

NRS 271B.050 “Participant” defined. [Effective through June 30, 2036.] “Participant” has the meaning ascribed to it in NRS 360.885 or 360.925.

(Added to NRS by 2014, 28th Special Session, 25; A 2015, 29th Special Session, 39)

NRS 271B.060 “Qualified project” defined. [Effective through June 30, 2036.] “Qualified project” has the meaning ascribed to it in NRS 360.888 or 360.940.

(Added to NRS by 2014, 28th Special Session, 25; A 2015, 29th Special Session, 39)

ECONOMIC DIVERSIFICATION DISTRICTS

NRS 271B.070 Creation; pledge of proceeds of certain taxes; location. [Effective through June 30, 2032.]

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

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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 NRS 360.888;

(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 4 of NRS 360.893,

↳ 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 6 of NRS 360.893.

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.

(Added to NRS by 2014, 28th Special Session, 26; A 2015, 29th Special Session, 39; 2017, 3810)

NRS 271B.070 Creation; pledge of proceeds of certain taxes; location. [Effective July 1, 2032, through June 30, 2036.]

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. 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.

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(Added to NRS by 2014, 28th Special Session, 26; A 2015, 29th Special Session, 39, 40, effective July 1, 2032)

NRS 271B.080 Agreement with Department of Taxation regarding distribution of pledged amounts. [Effective through June 30, 2032.]

1. After the adoption of an ordinance pursuant to NRS 271B.070:

(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.

(b) If the qualified project is a qualified project described in NRS 360.888 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 4 of NRS 360.893, 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 6 of NRS 360.893, 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 NRS 360.893 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:

(a) Be made not less frequently than monthly; and

(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 NRS 360.888, 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 4 of NRS 360.893, not commence until the lead participant qualifies for a return of the money paid into the trust fund pursuant to subsection 6 of NRS 360.893.

(Added to NRS by 2014, 28th Special Session, 26; A 2015, 29th Special Session, 40; 2017, 3811)

NRS 271B.080 Agreement with Department of Taxation regarding distribution of pledged amounts. [Effective July 1, 2032, through June 30, 2036.] After the adoption of an ordinance pursuant to NRS 271B.070, the governing body of the municipality and the Department

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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 distributions must:

1. Be made not less frequently than monthly; and
2. Cease at the end of the fiscal year in which the 20th anniversary of the adoption of the ordinance creating the district occurs.

(Added to NRS by 2014, 28th Special Session, 26; A 2015, 29th Special Session, 40, effective July 1, 2032)

NRS 271B.090 Agreement to distribute pledged amounts to lead participant of qualified project located within district; restrictions; automatic termination of agreement. [Effective through June 30, 2036.]

1. Except as otherwise provided in this section, if the governing body of a municipality adopts an ordinance pursuant to NRS 271B.070, the municipality may enter into an agreement with the lead participant in the qualified project for the cost of acquiring, improving or equipping, or any combination thereof, the qualified project, which may contain such terms as are determined to be desirable by the governing body of the municipality, including the payment of reasonable interest and other financing costs for the qualified project. Any such reimbursements may be secured by a pledge of, and be payable from, any money pledged pursuant to NRS 271B.070 and received by the municipality with respect to the district. If such an agreement is entered into, the agreement must provide for the payment to the lead participant of the money pledged pursuant to NRS 271B.070 and received by the municipality not later than 15 days after the date on which such money is distributed to the municipality pursuant to NRS 271B.080. An agreement entered into pursuant to this section is not subject to the limitations of subsection 1 of NRS 354.626 and may, at the option of the governing body, be binding on the municipality beyond the fiscal year in which it was made, only if the agreement pertains solely to one or more participants in the qualified project.

2. No agreement entered into pursuant to this section may be secured by or payable from the general fund of the municipality, the power of the municipality to levy ad valorem property taxes, or any source other than any money pledged pursuant to NRS 271B.070 and received by the municipality with respect to the district, or any combination thereof. No bond, note or other agreement issued or entered into pursuant to this section may ever become a general obligation of the municipality or a charge against its general credit or taxing powers, nor may any such bond, note or other agreement become a debt of the municipality for purposes of any limitation on indebtedness.

3. Any agreement entered pursuant to this section must automatically terminate on or before the end of the fiscal year in which the 20th anniversary of the adoption of the ordinance creating the district occurs.

(Added to NRS by 2014, 28th Special Session, 26)

NRS 271B.100 Preparation of annual reports and submittal to Legislature. [Effective through June 30, 2036.] On or before September 1 of each year, the governing body of a municipality that adopts an ordinance pursuant to NRS 271B.070 shall prepare and submit to the Director of the Legislative Counsel Bureau for submission to the Legislature, or to the Legislative Commission when the Legislature is not in regular session, an annual report containing:

1. A statement of the status of the qualified project located or expected to be located in the district, and of any changes in that status since the last annual report.

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2. An assessment of the financial impact of the district on the provision of local governmental services, including, without limitation, services for police protection and fire protection.

(Added to NRS by 2014, 28th Special Session, 27)

NRS 271B.110 Agreement with owner of property interest within district to defray cost of local governmental services. [Effective through June 30, 2036.] The governing body of a municipality or a fire district may require the lead participant, or one or more owners of any interest in property within a district, to negotiate and enter into an agreement ~~{with one or more of the owners of any interest in property within a district}~~, pursuant to which the lead participant or that owner would agree to make payments to the municipality or to another local government that provides services in the district, or to both, to defray, in whole or in part, the cost of local governmental services during the term of the use of any money pledged pursuant to NRS 271B.070. Such an agreement must specify the amount to be paid by the owner of the property interest, which may be stated as a specified amount per year or as an amount based upon any formula upon which the municipality and owner agree.

(Added to NRS by 2014, 28th Special Session, 27)

NRS 271B.120 Independent auditing of certain claims; additional restrictions on financing or reimbursement. [Effective through June 30, 2036.] The governing body of a municipality:

1. Shall require the review of each claim submitted pursuant to any contract or other agreement made with the governing body to provide any financing or reimbursement pursuant to NRS 271B.090, by an independent auditor.

2. Shall not provide any financing or reimbursement pursuant to NRS 271B.090 from the proceeds of the taxes described in subsection 2 of NRS 271B.070, if the governing body obtains an opinion from independent bond counsel stating that the applicability of this subsection would impair an existing contract for the sale of bonds that were issued before September 11, 2014.

(Added to NRS by 2014, 28th Special Session, 27)

NRS 271B.130 Expansion of infrastructure by natural gas utility deemed to constitute program of economic development under certain circumstances; natural gas utility required to file with Public Utilities Commission of Nevada application to establish rates to recover prudent and reasonable costs associated with expansion. [Effective through June 30, 2032.]

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.

(Added to NRS by 2015, 29th Special Session, 38)