

A partial abatement of real property (land and buildings) tax is available for businesses and facilities using recycled material that have as a primary purpose the conservation of energy or the substitution of fossil sources for other sources of energy. To qualify, the business must be in the primary trade of recycling at least 50% of raw material or an intermediate product onsite; or converting the energy derived from recycled material (specifically, industrial, domestic, agricultural or municipal waste) into electricity. Qualifying businesses can receive a partial abatement of up to 50% of the tax due on real property for not more than 10 years beginning from when the abatement becomes effective.

The Company's Responsibilities

The company makes application to the Governor's Office of Economic Development ("Office"), and if approved, executes an agreement with the Office that includes but is not limited to: (i) a commitment to maintain the business in Nevada for 5 years, (ii) a requirement to register pursuant to the laws of Nevada, and obtains all licenses and permits required by the state, county, city or town in which the business operates, and (iii) a requirement to provide a medical insurance plan approved by the Office for all employees including but not limited to the company paying at least 50% of the employee premium cost. All abatements are voidable and recoverable with interest if the business fails to comply with any terms of the agreement. Audits will be performed by the Department of Taxation after 2 and 5 years to ensure compliance.

Eligibility

The Governor's Office of Economic Development ("GOED") will look for the following criteria when reviewing an applicant's eligibility for abatement. Two of the following three requirements must be met:

Note: Criteria is different depending on whether the business is in a county whose population is 100,000 or more or a city whose population is 60,000 or more (i.e., "urban" area), or if the business is in a county whose population is less than 100,000 or a city whose population is less than 60,000 (i.e., "rural" area).

- **Capital Investment** – In urban areas, a capital investment of \$5 million in eligible equipment for industrial or manufacturing facilities and \$1 million for all other types of facilities. The requirement in rural areas is \$1 million for industrial or manufacturing facilities and \$250,000 for all other facility types. These criteria are applicable to new businesses. In cases of expanding businesses, the capital investment must equal at least 20% of the value of the company's tangible property owned by the business.
- **Number of Primary Jobs Created** – New businesses locating in urban areas require fifty (50) or more permanent, full-time employees on its payroll by the eighth calendar quarter following the calendar quarter in which the abatement becomes effective. In rural areas, the requirement is ten (10) or more. For an expansion, the business must increase the number of employees on its payroll by 10% more than its existing employees prior to expansion, or by 25 (urban) or 6 (rural) employees, whichever is greater.
- **Wage Level** – In urban areas, the average hourly wage that will be paid by the business to its new employees is at least 100% of the average statewide hourly wage. For businesses in rural areas, the average hourly wage will equal or exceed the lesser of the county-wide average hourly wage or statewide average hourly wage.

Upon approval by the Office and execution of an incentive agreement a certificate of eligibility will be provided to the Department of Taxation and the Treasurer and Assessor of the county in which the property will be located for administration of the tax abatement. Please contact your local Regional Development Authority to apply for the real property tax abatement. This is a summary only and may not include all program requirements.

For detailed information on the Real Property Tax Abatement for Recycling please access the following links:

<https://www.leg.state.nv.us/NRS/NRS-701A.html> ; <https://www.leg.state.nv.us/NRS/NRS-360.html>