

BILL DRAFT AUTHORIZING THE CREATION OF INNOVATION ZONES

(Updated: January 31, 2021)

Section 1. Title 22 of NRS is hereby amended by adding thereto a new chapter to consist of the provisions set forth as sections 1.5 to 32, inclusive, of this act.

Sec. 1.5. *The Legislature hereby find and declares that:*

1. The diversification of the economy of the State is vitally important to the general welfare of its inhabitants and the fiscal vitality of the State.

2. The State must pursue inventive and creative programs and initiatives to successfully compete in the national and global marketplaces to attract new forms and new types of businesses and to foster economic development in emerging technologies and innovative industries.

3. The traditional forms and functions of local government political subdivisions existent under Nevada statute are inadequate alone to provide the flexibility and resources conducive to making the State a leader in attracting and retaining new forms and types of businesses and fostering economic development in emerging technologies and innovative industries.

4. To accomplish the objective of diversifying the State's economy and providing for new and alternative sources of revenue for the fiscal support of the State, an alternative form of local government political subdivision with the powers and authority prescribed by this act is an appropriate means and necessary measure to further economic development within the State and to benefit the property, persons and private enterprises located in such political subdivision, all of which is a valid public purpose.

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

Sec. 3. *"Applicant" means a person who submits an application to establish an Innovation Zone.*

Sec. 4. *"Blockchain" has the meaning ascribed to it in NRS 719.045.*

Sec. 4.5. *"Board" means the Board of Supervisors of an Innovation Zone created pursuant to subsection 2 of section 14 of this act.*

Sec. 5. *"Executive Director" means the Executive Director of the Office.*

Sec. 6. *"Innovation Zone" or "Zone" means an area created pursuant to this chapter to develop or advance innovative technology.*

Sec. 7. *"Innovative technology" means any new or emerging technology, or novel use of an existing technology, to address a problem or provide a benefit in government administration, government services, nonprofit organizations or private enterprise in this State.*

Sec. 8. *"Office" means the Office of Economic Development.*

Sec. 9. *“Qualified developer” means a professional developer of real property with expertise and relevant experience in the design, development, master planning, financing and construction of major, mixed-use projects. Such a developer may be:*

- 1. A third party retained by the applicant; or*
- 2. The applicant or an affiliate of the applicant so long as the applicant or affiliate has retained or employed professionals with the requisite level of experience and expertise.*

Sec. 10. *1. For the purposes of this chapter, the Executive Director shall accept as innovative technology:*

- (a) Blockchain;*
- (b) Autonomous technology;*
- (c) The Internet of things;*
- (d) Robotics;*
- (e) Artificial intelligence;*
- (f) Wireless technology;*
- (g) Biometrics; and*
- (h) Renewable resource technology.*

2. The Executive Director may adopt, amend or repeal such regulations, consistent with the policy, objects and purposes of this chapter as deemed necessary or desirable in the public interest in carrying out the policy and provisions of sections 10 through 13 and 15, inclusive, of this act.

3. The Executive Director may, pursuant to regulations adopted in accordance with subsection 2 , designate technology as being innovative for the purposes of this chapter if the Executive Director determines that the technology satisfies the definition of innovative technology in section 7 of this act.

4. If an applicant proposes an innovative technology that is not specified or has not previously been approved pursuant to subsection 1, the Executive Director shall not schedule a hearing on the application unless he or she first determines in accordance with subsection 3 that the proposed technology satisfies the definition of innovative technology in section 7 of this act.

Sec. 11. *1. An applicant must apply to the Office for the approval of the creation of an Innovation Zone. The application shall be made on such forms as the Executive Director may require or approve, and must include:*

(a) A description of the innovative technology to be developed and used in the Innovation Zone and the applicant’s specialized knowledge of or experience with the technology.

(b) A comprehensive general plan to guide the development of the Zone. The plan must include:

(1) A description of the proposed development within the Zone, including the necessary infrastructure and the residential, commercial and industrial land uses of the Zone.

(2) An estimate of the number of employees anticipated to be engaged in construction of infrastructure, commercial developments, and residences within the Zone and the number of employees anticipated to be employed by businesses within the Zone within 10 and 20 years after approval of the creation of the Zone.

(3) The manner in which the development within the Zone will incorporate the standards provided pursuant to the Leadership in Energy and Environmental Design Green Building Rating System or an equivalent rating system.

(4) The manner in which the development will incorporate innovative technology throughout the Zone.

(c) Identification of a qualified developer.

(d) Documentation satisfactory to the Office that the applicant has made a total capital investment of at least \$250 million within the territorial boundaries proposed for the Zone prior to submittal of the application.

(e) A commitment to make an additional capital investment of at least \$1 billion in the Zone during the 10 years following approval of the application.

(f) Certification by the applicant that the applicant has secured or can secure access to public utilities and natural resources necessary for the development proposed for the Zone.

(g) An estimate of the economic impact of the Innovation Zone within 10 and 20 years after the approval of the creation of the Zone.

(h) The industry-specific tax or fee that will be imposed upon the innovative technology or activity related to the innovative technology within the Innovation Zone and the estimated financial benefit to the State of the tax or fee. The legislation enacting the tax or fee must specifically indicate that it qualifies as an approved tax or fee for the purposes of this paragraph and provide for the method of assessment and collection of the tax or fee. If the tax or fee is not in existence at the time of the application, approval of the creation of the Zone is contingent upon enactment of the tax or fee.

(i) A commitment to submit the reports required by section 32 of this act.

(j) Such other information as the Executive Director may prescribe by the form of the application.

2. To be eligible for approval as an Innovation Zone, the proposed area must:

(a) Consist of at least 50,000 contiguous acres of undeveloped land owned or controlled by the applicant.

(b) Be located within a single county.

(c) Not be part of a city, town, tax increment area or redevelopment area established by law.

(d) Not have any permanent residents on the date the application is submitted.

Sec. 12. 1. In accordance with the provisions of NRS 233B.121 to 233B.150, the Executive

Director shall hold a public hearing to consider an application submitted pursuant to section 11 of this act. The date of the public meeting must be not later than 60 days after the date on which the Office receives the completed application.

2. The applicant may amend the application or the general plan included in the application prior to final action on the application by the Executive Director.

3. The Executive Director shall within 30 days after the conclusion of the hearing required by subsection 1 issue a decision in accordance with NRS 233B.125 and must approve the application, including the general plan as submitted or amended, if the Executive Director finds that the application meets the requirements of section 11 of this act.

4. Prior to the date upon which all of the Supervisors of the Board have been appointed pursuant to subsection 1 of section 15 of this act, an applicant may request that the Executive Director amend a decision approving an application issued in accordance with subsection 3. The Executive Director shall process any request to amend a decision in the same manner as provided for an original application as provided in section 11 of this act

5. Judicial review of any final action on the application or an application amendment by the Executive Director may be had in accordance with NRS 233B.130 to 233B.150. The judicial review afforded by this subsection is the exclusive method of review of the final action on the application by the Executive Director.

Sec. 13. *1. Except as otherwise provided in subsection 2, after an applicant submits an application to create an Innovation Zone, unless the application is denied or withdrawn, no state agency or local government other than the Innovation Zone may within the Innovation Zone:*

- (a) Exercise the power of eminent domain or condemnation of any property;*
 - (b) Create a local improvement district or otherwise seek to finance improvements pursuant to chapter 271 of NRS;*
 - (c) Create a tourism improvement district pursuant to chapter 271A of NRS;*
 - (d) Create an economic diversification district pursuant to chapter 271B of NRS;*
 - (e) Designate a tax increment area pursuant to chapter 278C of NRS;*
 - (f) Designate an area as for redevelopment pursuant to chapter 279 of NRS;*
 - (g) Create a general improvement district pursuant to chapter 318 of NRS; or*
 - (e) Create a parks, trails or open space district pursuant to chapter 318A of NRS; or*
 - (f) Pledge revenue from property or other taxes imposed within the Zone for the payment of general or special obligations,*
- ↪ or otherwise seek to encumber property or exercise such powers within the Innovation Zone unless the encumbrance or exercise of such a power is approved by the Board .*

2. Except as otherwise provided in subsection 3, the provisions of subsection 1 do not apply to:
(a) The pledge of revenue from taxes or the exercise of a power within the Innovation Zone before an application is filed.

(b) The authority of the State of Nevada to pledge revenue from taxes on all property within the State or other taxes imposed within the Innovation Zone for the payment of obligations of the State.

3. If any action described in subsection 1 was taken within 1 year before an application to create an Innovation Zone was submitted, that action is voidable with respect to property within the Innovation Zone at the discretion of the Board .

Sec. 14. *Except as otherwise provided in this chapter, upon approval of an application to create an Innovation Zone:*

1. The Innovation Zone becomes a local government and a political subdivision of the State with the powers and duties of a county separate from and independent of the county in which it is located.

2. The governing body of the Innovation Zone shall be a Board of Supervisors , which shall have the powers and duties of a board of county commissioners.

3. The exercise of any power or duty by the Board supersedes the exercise of that power or duty by the county in which the Innovation Zone is situated. The adoption of any ordinance by the Board of Supervisors supersedes any ordinance on the subject adopted by the board of county commissioners of the county in which the Innovation Zone is located. The Board shall not adopt or supersede an ordinance that impairs any outstanding bonds or other obligations for which the property was pledged as security that were in existence on the date the application to create the Innovation Zone was submitted.

4. Until the Board exercises a power or duty or adopts an ordinance with respect to a matter, the county in which the Innovation Zone is situated continues to have authority over the subject and the ordinances of the county continue to apply. Until the Board assumes responsibility for a service provided by the county, the county shall continue to provide that service.

5. Each officer of the county in which the Innovation Zone is situated continues to have authority over the Innovation Zone and shall continue to provide services within the Zone on parity with any other location of the county until the Board elects to assume the authority of that county officer pursuant to section 20 or 23 of this act.

6. Subsection 1 of section 14 of this act does not modify the boundaries of any general improvement district governed by chapter 318 of NRS existing on the date the application was submitted pursuant to section 11 of this act. The Board of Supervisors shall exercise the authority of a board of county commissioners specified in NRS 318.050 as to any territory within the Zone that is also within such boundaries of a general improvement district.

Sec. 15. *1. As soon as practicable after the approval of the creation of an Innovation Zone, the Governor shall appoint the initial Board , provided that such appointments shall be made within 270 calendar days after the date of creation of the Innovation Zone. The Board consists of three members, two of whom must be appointed from a list of at least five nominees proposed by the applicant. The third member of the Board must be appointed by the Governor based upon qualifications and experience that would enable the person appointed to carry out the duties of the Board. All of the members of the Board must be residents of the State of Nevada. No member of the Board may have a pecuniary interest in the applicant or a commitment in a private capacity to the interests of the applicant.*

2. Except as otherwise provided in section 30 of this act:

(a) The Governor shall appoint two of the initial members of the Board to 2-year terms and one member to a 4-year term. The members thereafter serve terms of 4 years and may be reappointed.

(c) New members must be appointed in the same manner as the original members.

(d) The Governor may pursuant to NRS 232A.030 remove a member for malfeasance or nonfeasance in the performance of his or her duties. The Governor shall provide the member 45 days' notice of the removal unless the Governor determines that circumstances warrant immediate removal.

(e) If for any reason there is a vacancy in the office of Supervisor, the Governor shall appoint a successor for the member's unexpired term of office.

3. The members of the Board shall select a chair. Two members of the Board constitute a quorum.

4. Members of the Board are public officers for the purposes of chapter 281A of NRS.

Sec. 16. *1. The Board shall establish the salaries to be paid to the officers and employees of the Zone, justices of the peace and members of the Board of School trustees if one is established. The salaries must be reasonable and at least commensurate with similarly situated public officers and employees.*

2. To the extent that money is available for this purpose, members of the Board are entitled to the salary paid to county commissioners in the county in which the Innovation Zone is situated and the per diem allowance and travel expenses provided for county officers and employees generally.

3. The salaries of elected officers other than members of the Board:

(a) Must be established before the beginning of the period for filing for the respective offices.

(b) Must not be increased or decreased during the terms to which they are elected.

Sec. 17. *1. Except as otherwise provided in this chapter, the Innovation Zone and its officers and employees are subject to, must comply with and are entitled to all rights, privileges and immunities recognized by the laws of this State applicable to political subdivisions and their officers and employees, including, without limitation, NRS 41.0305 to 41.039, inclusive, and chapters 239, 241, 281*

and 281A of NRS, but if there is a conflict between other laws of this State and the specific provisions of this chapter, the specific provisions of this chapter control.

2. Until the Board determines pursuant to section 21 of this act that the Zone intends to assume all of the duties and responsibilities of county government, and except as otherwise provided in this chapter:

(a) The Board may not impose:

(1) A tax on real property within the Zone;

(2) A tax on motor vehicle fuel, fuel for jet or turbine-powered aircraft or aviation fuel sold in the Innovation Zone;

(3) A tax on the sale or use of tangible personal property within the Innovation Zone;

(4) A tax or fee imposed by the county in which the Innovation Zone is situated for a service provided by the county unless the Innovation Zone has assumed responsibility for that service.

(b) The Zone is not entitled to a distribution from the Local Government Tax Distribution Account created pursuant to NRS 360.660.

3. Any contractual obligations of the applicant regarding, or restrictions upon, the use of land owned by the applicant within the Zone existing on the date the application was filed continue to apply to the applicant. To the extent that any such obligations or restrictions conflict with the general plan for the development of the Zone, the Board may in addition to any other authority provided by this act:

(a) Assume all or part of the liability of the applicant or accept the restrictions upon the use of the land; or

(b) Enter into an agreement with the person or governmental entity to whom the obligation is owed or which has imposed the restriction to modify the obligation or restriction to further the purposes for which the Zone was created.

4. In addition to its other duties, the Board shall adopt policies that facilitate the timely and effective development of the Zone and use of the innovative technology in government administration, government services, nonprofit organizations and private enterprise in the Zone in accordance with the general plan in the approved application for the creation of the Zone. The Board may from time to time amend the general plan to facilitate the timely and effective development of the Zone, but such an amendment must not conflict with the general purpose of the Innovation Zone to develop and advance the innovative technology for which the Zone was created.

Sec. 18. *1. Except as otherwise provided in section 17 of this act, the Board may impose any taxes or fees authorized to be imposed by a county. If the tax or fee supports a service being provided by the county in which the Innovation Zone is situated, the Board shall provide 60 days' notice to the county of the intention of the Board to assume responsibility for the service and impose the tax or fee. The tax*

or fee may not take effect before the Board assumes responsibility for the service and the county in which the Zone is situated may not thereafter impose the tax or fee within the Zone.

2. Notwithstanding the provisions of chapter 364 of NRS, if the Board licenses businesses within the Zone pursuant to chapter 244 of NRS and imposes a license tax, the Board may by ordinance:

(a) Establish a county license department or assume the duties of a county license department itself; and

(b) Designate the manner of collection of the tax, issuance of the license and depositing the revenues from the license tax.

3. If the Board enters into an agreement pursuant to NRS 278.0201 or any other statute to develop land within the Innovation Zone, the agreement may include a provision for a payment for the support of the Innovation Zone. Any such payment must be used to pay the costs authorized to be incurred by the Innovation Zone pursuant to this chapter.

Sec. 19. *1. The judicial district of the county in which the Innovation Zone is located is the judicial district for the Innovation Zone.*

2. The Board may establish a justice court. Upon establishment of the justice court, the Zone shall be deemed a township for the purposes of chapter 4 of NRS. Until the Board establishes a justice court, the Zone is subject to the jurisdiction of the justice court for the township in which the Innovation Zone is situated.

3. If the Board, establishes a justice court:

(a) The Board shall provide notice to the board of county commissioners of the county in which the Innovation Zone is situated and the justice court whose jurisdiction is being assumed at least 60 days before the date the creation of the justice court for the Zone takes effect.

(b) The justice court for the Innovation Zone has jurisdiction over cases filed on or after the date that the creation of the justice court takes effect. The justice court for the township in which the Innovation Zone is situated retains jurisdiction over any case filed before that effective date.

(c) The Board shall appoint as justice of the peace a resident of this State who, other than residency, meets the requirements for office specified in NRS 4.010.

(d) The initial term of office of the justice of the peace ends on the first Monday of the January following the next general election. Except as otherwise provided in section 30 of this act, thereafter the justice of the peace serves a term of office of 6 years.

Sec. 20. *1. The Board may perform the duties and provide the services of county offices, including without exception the offices of county clerk, county recorder, sheriff, county treasurer, county assessor, county auditor, district attorney and public administrator in the manner provided in this section.*

2. The Board may create one or more of the offices specified in subsection 1 as Innovation Zone office, and may consolidate the offices into one or more offices if it finds that such consolidation would be in the best interest of the Innovation Zone. Until elections are held pursuant to section 30 of this act, the Board shall appoint to these offices residents of this State who, other than residency, meet the requirements for appointment to these offices pursuant to chapters 246 to 253, inclusive, of NRS. The initial term of office of a person appointed pursuant to this section ends on the first Monday of January following the year of the next general election in which county officers are elected. Except as otherwise provided in section 30 of this act, the officers thereafter serve terms of 4 years. The Board may pursuant to NRS 283.440 remove an officer appointed pursuant to this section for malfeasance or nonfeasance in the performance of his or her duties. The Board shall provide the officer 45 days' notice of the removal unless the Board determines that circumstances warrant immediate removal. If for any reason there is a vacancy in an office, the Board shall appoint a successor for the officer's unexpired term of office.

3. In lieu of creating one or more of the offices specified in subsection 1, the Board may enter into a cooperative agreement with any local government in this State, including the county in which the Innovation Zone is situated or another local government within the county, to have that government's officer or officers provide the services and perform the duties of their respective offices within the Innovation Zone. If the Board enters into such an agreement, the officer or officers shall be deemed to be county officers within the Innovation Zone and have the authority within the Innovation Zone that such officers have within a county. Such an agreement must provide that the agreement terminates upon the election of a person pursuant to section 30 of this act to the office subject to the agreement.

4. If the Board elects to perform duties and provide the services of a county officer pursuant to this section before notice is given pursuant to section 21 of this act, the Board shall provide notice to the board of county commissioners of the county in which the Innovation Zone is situated and the county officer whose duties are being assumed at least 30 days before assuming the duties of that officer. On the effective date of the assumption of the duties, the person designated to assume those duties pursuant to subsection 2 or 3 has all of the powers of the county officer within the Innovation Zone and the county officer no longer has authority within the Innovation Zone, unless the agreement to assume the duties is made with that county officer.

5. A county officer whose duties are assumed within an Innovation Zone pursuant to this section shall cooperate with the person assuming those duties with any necessary transition to ensure that the transition is effective and efficient.

6. The Board shall not assume the duties of a county clerk or registrar of voters with respect to elections for registered voters in the Innovation Zone until an election is held pursuant to section 30 of

this act.

Sec. 21. *1. When the Board of Supervisors of an Innovation Zone determines that it is prepared to assume within the Zone all of the duties of the county in which it is situated, the Board shall give notice of its intent to do so to the board of county commissioners for the county. If the Board determines that it is prepared to assume within the Zone the duties of the school district for the county and chooses to do so, the Board shall also give notice of its intent to do so to the board of trustees of the school district for the county.*

2. The notices required by subsection 1 must be given on or before April 1 preceding the start of the fiscal year in which the assumption of duties will occur. Except as otherwise provided in this chapter, the assumption of those duties and the provisions of sections 22 to 29, inclusive, of this act take effect on July 1 following the date of the notice.

3. If the Board does not choose to assume the duties of the school district at the time it assumes the duties of the county, it may elect to do so in any subsequent year by providing notice to the board of trustees for the school district on or before April 1 preceding the start of the fiscal year in which the assumption of duties will occur.

Sec. 22. *Except as otherwise provided in this chapter, on July 1 following the date of the notice given pursuant to section 21 of this act:*

1. The board of county commissioners and the officers of the county within which the Innovation Zone is situated no longer have authority over the Innovation Zone and may not impose any taxes, fees or other charges within the Innovation Zone. The county clerk or registrar of voters shall continue to carry out the duties of that office with respect to elections for registered voters in the Innovation Zone until an election is required pursuant to section 30 of this act.

2. County ordinances no longer apply within the Innovation Zone. The Board of Supervisors shall review the ordinances of the county to ensure that it has adopted all ordinances necessary to the operation of the Zone before the date of the expiration of the county ordinances.

Sec. 23. *1. If the Board has not previously established a justice court pursuant to section 19 of this act, the Board shall establish a court in the manner provided in that section on or before July 1 following the date of the notice given pursuant to section 21 of this act.*

2. If the Board has not previously assumed the duties of one or more county offices pursuant to section 20 of this act, the Board shall assume the duties of those offices in the manner provided in that section on or before July 1 following the date of the notice given pursuant to section 21 of this act.

Sec. 24. *1. If the Board of Supervisors has elected pursuant to section 21 of this act to assume within the Zone the duties of the school district for the county, and until the Board of Supervisors establishes a Board of School Trustees pursuant to section 31 of this act, the Board of Supervisors of*

an Innovation Zone has the authority of a board of trustees of a school district with respect to any pupils within the Zone. Beginning with the fiscal year that begins on July 1 following the date of the notice given pursuant to section 21 of this act, and except as otherwise provided in this chapter:

(a) The Zone is entitled to any revenues that it would receive if it were a school district.

(b) The Board shall impose and collect property taxes levied for the support of a school district and, except as otherwise provided in sections 25 and 26 of this act, that revenue must be administered in the same manner that revenue collected by a county for the support of its school district is administered.

(c) For the purposes of laws relating to school districts, the Innovation Zone shall be deemed a school district.

(d) For the purposes of laws relating to boards of trustees of school districts, the Board of Supervisors shall be deemed the board of trustees of the Innovation Zone school district.

2. To provide education to pupils within the district, the Board may:

(a) Establish one or more public schools within the Zone;

(b) Establish or contract with one or more charter schools;

(c) Enter into a cooperative agreement with a school district in this State, including the school district for the county in which the Zone is situated; or

(d) Any combination of paragraphs (a), (b) and (c).

Sec. 25. *1. The Board shall impose an ad valorem tax upon property within the Zone at the maximum rate allowed by statute, beginning with the fiscal year that begins on July 1 following the date of the notice provided pursuant to section 21 of this act. The levy must include the tax imposed pursuant to NRS 387.195 and any other tax required to be imposed by a county upon property within the county.*

2. Except as provided in this section, from the revenue collected pursuant to subsection 1, the Board shall pay to the county in which the Innovation Zone is situated:

(a) The amount of ad valorem taxes the county imposed on property within the Innovation Zone for the fiscal year in which the notice provided pursuant to section 21 of this act was given, minus the amount imposed by the county on behalf of the State of Nevada and the amount imposed pursuant to NRS 387.195 in that fiscal year; and

(b) An amount determined as follows:

(1) Applying the tax rate in effect for the payment of obligations of the county or the school district in which the Innovation Zone is situated for which the property within the Innovation Zone was pledged as security to the assessed valuation of the property for the fiscal year for which the tax is being imposed; and

(2) Deducting from that amount the amount that was imposed for that purpose in the fiscal

year in which the notice provided pursuant to section 21 of this act was given.

3. The amount paid pursuant to paragraph (b) of subsection 2 must not include any amount that reflects obligations incurred after the notice is provided pursuant to section 21 of this act. After the amount owing for obligations described in paragraph (b) of subsection 2 has been paid, the amount of the payment pursuant to subsection 1 must be reduced by the amount that was imposed for that purpose for the fiscal year in which the notice was provided pursuant to section 21 of this act.

4. In lieu of making annual payments pursuant to subsection 2 reflecting the debt of property within the Innovation Zone for obligations of the county or the school district, the Innovation Zone may make a single payment to the county, the school district, or both, in an amount determined by:

(a) Dividing the assessed valuation of the property within the Innovation Zone in the fiscal year in which notice was given pursuant to section 21 of this act by the assessed valuation of the county in that fiscal year; and

(b) Multiplying that fraction by the obligation of the county or the school district, or both, on the date the notice was given.

↪ If the Innovation Zone makes a payment pursuant to this subsection, the amount paid pursuant to subsection 1 must thereafter be reduced by the amount that was imposed on the property for the obligations of the county or the school district, or both, in the fiscal year in which the notice was given pursuant to section 21 of this act.

5. For the purposes of NRS 244A.059 and any other law relating to limitations on indebtedness:

(a) The debt of the Innovation Zone must not be included in the debt of the county in which the Innovation Zone is situated.

(b) The assessed valuation of the property within the Innovation Zone must not be included in the assessed valuation of county in which the Innovation Zone is situated.

(c) The Innovation Zone is subject to limitations on indebtedness that would apply if the Innovation Zone were a county.

Sec. 26. *1. If the Board has elected pursuant to section 21 of this act to assume the duties of the school district for the county in which it is situated, distributions from the State Education Fund must be made to the Board on behalf of pupils within the Innovation Zone. If the Board has not made that election, distributions from the State Education Fund for pupils within the Innovation Zone must continue to be made to the county school district for the county in which the Innovation Zone is situated.*

2. The Board shall account separately for revenue received for the support of public education and use the money only for the purposes authorized in this chapter and Title 34 of NRS.

Sec. 27. *1. Beginning on July 1 following the date of the notice provided pursuant to section 21 of*

this act, the Board shall impose within the Innovation Zone all taxes on the sale or use of tangible personal property that are required to be imposed by or within a county. Except as otherwise provided in this chapter, the taxes must be imposed and administered and the revenue from the taxes must be distributed in the manner provided in the laws requiring their imposition.

2. In addition to the taxes imposed pursuant to subsection 1, the Board shall enact an ordinance imposing a tax on the sale or use of tangible personal property within the Innovation Zone at a rate that equals the difference between the combined rate that is in effect in the Innovation Zone on July 1 following the date of the notice provided in section 21 of this act and the amount imposed pursuant to subsection 1. The ordinance must include:

(a) Provisions substantially identical to those of the Local School Support Tax, insofar as applicable.

(b) A provision that all amendments to the provisions of the Local School Support Tax Law subsequent to the date of the enactment of the ordinance, not inconsistent with this chapter, automatically become a part of the ordinance.

(c) A provision that the Innovation Zone shall contract before the effective date of the tax ordinance with the Department of Taxation to perform all functions incident to the administration or operation of the tax.

3. The revenue from the tax imposed pursuant to subsection 2 must be paid the Innovation Zone and used for any purpose authorized by this chapter. The Innovation Zone may pledge the revenues to secure any bonds or other securities issued by the Innovation Zone.

4. The Board may impose any other tax on the sale or use of tangible personal property within the Innovation Zone that is authorized to be imposed by a county and use the revenue from such a tax for the purposes for which it is allowed in the statutes authorizing the imposition of the tax. The Board shall impose any other tax on the sale or use of tangible personal property within the Innovation Zone that is subsequently required to be imposed by a county.

Sec. 28. *1. Beginning on July 1 following the date of the notice provided pursuant to section 21 of this act, the Board shall impose the following taxes to the extent that they are in effect on that date in the county in which the Innovation Zone is situated and at the rate imposed by the county:*

(a) Fuel taxes authorized by chapter 373 of NRS;

(b) A tax on fuel for jet or turbine-powered aircraft authorized by NRS 365.203; and

(c) A tax on aviation fuel authorized by NRS 365.203.

2. If any vote or other approval other than approval by the Board is required to impose one or more of the taxes imposed pursuant to subsection 1, the vote or approval previously conducted by the county in which the Innovation Zone is situated shall be deemed approval of the tax within the Innovation

Zone.

3. The revenue from the tax or taxes imposed pursuant to subsection 1 may be used by the Innovation Zone for the purposes allowed in the statute or statutes authorizing or requiring their imposition.

4. In addition to the taxes imposed pursuant to subsection 1, the Board may impose any other taxes on motor vehicle fuel, fuel for jet or turbine-powered aircraft or aviation fuel that are authorized by statute.

5. The county in which the Innovation Zone is situated shall not issue a business license allowing the sale of motor vehicle fuel, fuel for jet or turbine-powered aircraft or aviation fuel within the Innovation Zone at any time after an applicant submits an application to create an Innovation Zone, unless the application is rejected or withdrawn. The Board shall not issue a business license for such a purpose until it imposes the taxes required pursuant to this section.

Sec. 29. *1. For the purposes of distributions from the Local Government Tax Distribution Account created pursuant to NRS 360.660, taxes collected within the Innovation Zone must be returned to the Innovation Zone in the manner provided in NRS 360.680.*

2. To the extent that revenue from the Local Government Tax Distribution Account was pledged for the payment of obligations of the county in which the Innovation Zone is situated on or before the date of the application to create the Zone, the Innovation Zone is responsible for an amount that reflects the proportion that the tax collected in the Innovation Zone in the fiscal year in which the application to create the Zone was submitted bears to the total amount of tax collected in the county in that year.

Sec. 30. *1. If on January 1 of any year in which a general election is held the county clerk or registrar of voters determines that there are 100 or more registered voters residing within the Innovation Zone, an Innovation Zone must conduct elections as provided in this section. The clerk or registrar shall notify the Board and transmit all necessary information concerning the registered voters in the district. The Board, or the clerk for the Zone if one has been appointed, shall conduct the election.*

2. The terms of the existing members of the Board end on the first Monday of January following the general election. Two of the new Supervisors must be elected to 2-year terms and one Supervisor must be elected to a 4-year term. The terms of office of the Supervisors begin on the first Monday of January following their election. Thereafter Supervisors must be elected to 4-year terms.

3. If the Board has created county offices pursuant to section 20 or 23 of this act, the terms of those officers end on the first Monday of January following the election. The Board may consolidate the county offices, including without limitation, the of county clerk, county recorder, sheriff, county

treasurer, county assessor, county auditor, district attorney and public administrator, into one or more Zone offices if it finds that such consolidation would be in the best interest of the Innovation Zone. Those offices or the offices resulting from consolidation by the Board must be elected at the general election and serve initial terms of:

(a) Four years if the general election is held in a year in which the corresponding county officers are elected; and

(b) Two years if the general election is held in a year in which the corresponding county officers are not elected.

↪ After their initial terms of office, the officers serve terms of 4 years. The term of office of each officer begins on the first Monday of January following his or her election.

4. The term of office of the justice of the peace appointed pursuant to section 19 or 23 of this act ends on the first Monday of January following the general election. A justice of the peace must be elected at the general election and serves a term of 6 years, beginning on the first Monday of January following the election. The justice or justices elected thereafter serve terms of 6 years.

5. Except as otherwise provided in this chapter:

(a) The provisions of law applicable to the election of county commissioners apply to the election of Supervisors.

(b) The provisions of law applicable to the election of county officers apply to the election of the corresponding officers of the Innovation Zone.

(c) The provisions of law applicable to the election of justices of the peace apply to the election of justices of the peace in the Innovation Zone.

(d) The persons elected pursuant to this section must meet the requirements for election to the corresponding county offices, or if such offices are consolidated pursuant to subsection 3, all the requirements for election to the consolidated office, and shall have the powers and duties of those corresponding officers, including when any offices are consolidated.

Sec. 31. *1. At any time after an election is held pursuant to section 30 of this act, if the Board of Supervisors has elected to assume the duties of the school district for the county in which the Innovation Zone is situated, the Board may provide for the election of a Board of School Trustees for the Innovation Zone at the next general election. The Board of School Trustees for the Innovation Zone must consist of three trustees. Two of the trustees must be elected to an initial term of 2 years and one of the trustees must be elected to an initial term of 4 years, beginning on the first Monday of January following the general election at which they are elected. Trustees elected thereafter serve terms of 4 years.*

2. The Board of School Trustees for the Innovation Zone shall assume the duties of the Board

pursuant to section 24 of this act with respect to the education of pupils within the Innovation Zone. Except as otherwise provided in this chapter, for the purposes of laws relating to boards of trustees of school districts, the Board of School Trustees sfor the Innovation Zone hall be deemed the board of trustees of the Innovation Zone school district

Sec. 32. 1. *An Innovation Zone shall submit a report to the Office and the Legislature on or before December 31 of each even-numbered year.*

2. The report must include:

(a) The amount of the capital investment in the Zone since the creation of the Zone and the last report;

(b) The physical progress in developing the infrastructure for the Zone and the progress in securing necessary financing for such development since the creation of the Zone and the last report;

(c) An estimate of the number of employees engaged in construction of commercial developments and residences within the Zone and the number of employees employed by businesses within the Zone since the creation of the Zone and the last report;

(d) The businesses that have been licensed within the Zone since the creation of the Zone and the last report;

(e) An estimate of the economic impact of the Innovation Zone;

(f) The amount of revenue generated by the tax imposed specifically upon the innovative technology in the Zone and an estimate of revenue generated for the State from taxes imposed within the Zone;

(g) Any amendments to the general plan for the Zone since the last report; and

(h) A description of the use of the innovative technology in the Zone and how the innovative technology is being advanced in the Innovation Zone.

3. The report must be certified by the applicant or the applicant's successor in interest.

Sec. 33. NRS 0.0305 is hereby amended to read as follows:

0.0305 The term “board of county commissioners,” or “board,” when referring to the boards of county commissioners of the several counties, includes the Board of Supervisors of Carson City ~~[-]~~ *and the Board of Supervisors of an Innovation Zone.*

Sec. 34. NRS 0.033 is hereby amended to read as follows:

0.033 1. Whenever used in the Statutes of Nevada and Nevada Revised Statutes, the term “county” includes Carson City ~~[-]~~ *and an Innovation Zone.*

2. Except as limited by the Charter of Carson City or by ordinances enacted by authority thereof, those provisions of the Statutes of Nevada or Nevada Revised Statutes which refer to the several counties apply equally to Carson City.

3. Except as limited by sections 2 to 32, inclusive, of this act, or by ordinances enacted by authority thereof, those provisions of the Statutes of Nevada or Nevada Revised Statutes which refer to the several counties apply equally to an Innovation Zone.

Sec. 34.5. Chapter 3 of NRS is hereby amended by adding thereto a new section to read as follows:

If an Innovation Zone is formed within a county, each year the Innovation Zone shall pay to the county an amount determined by dividing the assessed valuation of the property within the Innovation Zone by the assessed valuation of the county, including the Innovation Zone, and multiplying that fraction by the County's budget for the support of the District Court for that fiscal year.

Sec. 35. NRS 360.680 is hereby amended to read as follows:

360.680 1. On or before July 1 of each year, the Executive Director shall allocate to each ~~[enterprise]~~ :

(a) Innovation Zone the amount deposited in the Account from taxes imposed within the Zone in the immediately preceding fiscal year.

(b) Enterprise district an amount equal to the amount that the enterprise district received from the Account in the immediately preceding fiscal year.

2. Except as otherwise provided in NRS 360.690 and 360.730, the Executive Director, after subtracting the amount allocated ~~[to each enterprise district]~~ pursuant to subsection 1, shall allocate to each local government or special district which is eligible for an allocation from the Account pursuant to NRS 360.670 an amount from the Account that is equal to the amount allocated to the local government or special district for the preceding fiscal year multiplied by 1 plus the average percentage change in the Consumer Price Index (All Items) over the 5 calendar years immediately preceding the year in which the allocation is made.

Sec. 36. NRS 392.010 is hereby amended to read as follows:

392.010 1. The board of trustees of any school district may, with the approval of the Superintendent of Public Instruction:

(a) Admit to the school or schools of the school district any pupil or pupils living in an adjoining school district within this State or in an adjoining state when the school district of residence in the adjoining state adjoins the receiving Nevada school district; or

(b) Pay tuition for pupils residing in the school district but who attend school in an adjoining school district within this State or in an adjoining state when the receiving district in the adjoining state adjoins the school district of Nevada residence.

2. With the approval of the Superintendent of Public Instruction, the board of trustees of the school district in which the pupil or pupils reside and the board of trustees of the school district in which the pupil or pupils attend school shall enter into an agreement providing for the payment of such tuition as

may be agreed upon, but transportation costs must be paid by the board of trustees of the school district in which the pupil or pupils reside:

(a) If any are incurred in transporting a pupil or pupils to an adjoining school district within the State; and

(b) If any are incurred in transporting a pupil or pupils to an adjoining state, as provided by the agreement.

3. In addition to the provisions for the payment of tuition and transportation costs for pupils admitted to an adjoining school district as provided in subsection 2, the agreement may contain provisions for the payment of reasonable amounts of money to defray the cost of operation, maintenance and depreciation of capital improvements which can be allocated to such pupils.

4. For the purposes of this section the “adjoining school district” of an Innovation Zone is either the school district of the county in which the Innovation Zone is created or a school district that adjoins the school district of the county in which the Zone is created.

Sec. 37. If any provision of this act or any application thereof to any person, thing or circumstance is held invalid, such invalidity shall not affect the provisions or applications of this act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 38. This act becomes effective upon passage and approval.