

# Aviation Tax Abatement

NRS Chapter 360

Partial abatements from *Personal Property* and *Sales & Use Taxes* are available to companies that locate or expand their business in Nevada. The personal property tax abatement can be up to 50% for 20 years on the taxes due on tangible personal property, and the sales & use tax abatement reduces the applicable tax rate to 2% for a similar 20 year period, a near 75% reduction in most jurisdictions.

*Note: the Sales & Use tax abatement excludes aircraft purchase.*

Eligible Goods: for sales & use tax imposed on the purchase of tangible personal property used to operate, manufacture, service, maintain, test, repair, overhaul or assemble an aircraft or any component of an aircraft. For personal property tax imposed on an aircraft and the personal property used to own, operate, manufacture service, maintain, test, repair, overhaul or assemble an aircraft or any component of an aircraft.

## 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, 5, 8 and 10 years to ensure compliance.

## Eligibility

The Office will review the following eligibility criteria:

- All companies must meet the number of full-time employee's (FTE) requirement. A new business must have 5 or more FTEs within 1 year after receiving a certificate of eligibility. An existing business must increase FTEs by 3 or 3% of existing in-state staff, whichever is greater, within 1 year after receiving a certificate of eligibility.
- In addition to the FTE requirement, all companies must meet one of the following:
  - a) New capital investment of at least \$250,000 in Nevada within 1 year after receiving certificate of eligibility;
  - b) Maintain and possess in Nevada tangible personal property having a value of not less than \$5,000,000 during the abatement period;
  - c) Average hourly wage for employees of the company shall be at or above the average statewide hourly wage; or
  - d) The company develops, refines or owns a patent or other intellectual property, or has been issued a FAA certificate pursuant to 14 CFR Part 21.

Upon approval by the Office and execution of an incentive agreement, the company will be issued a document from the Department of Taxation certifying the partial abatement for sales and use tax which can be presented to retailers and customers of the business at the time of sale. Please contact your local Regional Development Authority to apply for the aviation tax abatements.

*Note: The personal property tax abatement excludes a business whose physical property is collectively valued and centrally assessed pursuant to NRS 361.320 and 361.3205 unless the business is regulated under 14 C.F.R. Part 125 or 135.*

**This is a summary only and may not include all program requirements. For detailed information on this abatement, please access: [www.leg.state.nv.us/App/NELIS/REL/78th2015/Bill/1509/Text](http://www.leg.state.nv.us/App/NELIS/REL/78th2015/Bill/1509/Text)**