

# TAX CREDIT PRESENTATION

*Presented on behalf of*



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*Presented by:*

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# Nevada Abatements and Incentives for Economic Development

- Tax Abatements and Incentives are a proven tool to encourage economic development in Nevada.
- In fiscal year 2015, Nevada awarded \$1,150,546,838 in abatements and incentives to new or expanded businesses.
- In return, Nevada has seen \$11,777,462,523 in capital investments, 8,623 new jobs, and \$2,123,230,495 in net new taxes.
- Abatements and Incentives are a valuable and proven tool to encourage economic development.

Source: Governor's Office of Economic Development Approved Tax Abatement Report Fiscal Year 2015.



# Transferable Tax Credits

- Nevada also issues transferable tax credits to encourage economic development.
- Beginning in 2013, Nevada began issuing transferable tax credits to qualifying film productions to encourage location and relocation of film production in Nevada.
- The film production tax credits are fully transferable and redeemable against the modified business tax, gaming license tax, or insurance premium tax.
- The Nevada Legislature has authorized \$10,000,000 in film tax credits to qualifying applicants.

Source: NRS 360.759 et. seq.



# Transferable Tax Credits

(Continued)

- The use of tax credits was broadened in 2014, when the Nevada Legislature authorized the issuance of \$195,000,000 in transferable tax credits to incentivize the construction of a Tesla facility in Northern Nevada.
- The tax credits are earned over time as certain benchmarks are satisfied.
- The tax credits are fully transferable and can be redeemed against the modified business tax, gaming license fees, or the insurance premium tax.

Source: Senate Bill 1, 28<sup>th</sup> (2014) Special Session of the Nevada Legislature



# Transferable Tax Credits

(Continued)

- In 2015, the Nevada Legislature again used tax credits to incentivize economic development, authorizing \$38,000,000 in transferable tax credits to bring Faraday Future to Southern Nevada.
- The tax credits are earned over time as certain benchmarks are satisfied.
- The tax credits are fully transferable, and can be redeemed against the modified business tax, the gaming license fee, or the insurance premium tax.

Source: Senate Bill 1, 29<sup>th</sup> (2015) Special Session of the Nevada Legislature



# Rooftop Solar & Tax Credits

- The New Energy Industry Task Force was charged to make recommendations to “encourage development of clean energy sources and integrate renewable energy technologies into Nevada’s energy sector . . . with a specific focus on rooftop solar and net metering.”
- Tax incentives are a proven method to encourage the development of desired industries such as rooftop solar.

*Source: Governor’s Executive Order 2016-04*



# The Fiscal Impact of Rooftop Solar Tax Credits

- The PUCN determined that the financial impact of the original NEM system was \$16,000,000 for every 235MW of customer generation.

*Source: NVE Comments to Distributed Generation Technical Advisory Committee to the NEITF, 4/14/06.*

- Over the last 15 years, approximately 235 MW of customer generation has been installed.

*Source: Overview of Nevada's Current NEM Customers, presented by NVE to the Distributed Generation Technical Advisory Committee to the NEITF, 4/14/06.*

- Proposal – incentivize further rooftop solar installations by restoring the original NEM system over a set time period and offset any cost-shift through the issuance to the utility of \$16,000,000 in transferable tax credits over a set time period.



# The Fiscal Impact of Rooftop Solar Tax Credits

(Continued)

- The transferable tax credits can be used by a utility against their own tax obligations, or sold on the open market to other taxpayers.
- \$16,000,000 in transferable tax credits is **1.4%** of the total economic development abatements and incentives awarded by the Governor's Office of Economic Development in 2015.