



## Tax Incentives 101

Through the Nevada Commission on Economic Development, businesses that are relocating to or expanding in Nevada may be eligible for tax incentives and training support.

Some may characterize the various tax abatements as “gifts” of money to companies. Not true. Abatement is the relief of a portion of a particular tax that may be due. They are dollars we don’t have and won’t receive if that company doesn’t come or grow here.

More importantly, once they locate or expand, they generate taxes both immediately and over the long-term that are *new* tax dollars. Often, the “break-even” point where the abatements give way to new tax dollars occurs in just a few months or weeks.

These locating or expanding companies generate economic impact through jobs and wages that reach far and wide into our regional economy. They contribute immediately and the tax abatements they receive merely provide incentive to choose Nevada and help offset some costs of initial operations or expansion.

This does not happen in a vacuum. States around the west offer a wide variety of incentives to compete with Nevada. While incentives do not drive most deals they can be a tie-breaker when other costs of doing business don’t favor us – and despite popular perspectives the changing national economy has whittled away many of our business advantages depending on the state in competition and the type of business.

The types of incentives include: Abatements of portions of Sales & Use Tax, Business Tax, Personal Property Tax, Recycling Property Tax and Renewable Energy. The state may “defer” sales and use tax, but this is guaranteed with a security bond and does get paid. There is also a Train Employees Now (TEN) program of matching grant funds directed through the community college and designed to create transferable job skills for Nevada citizens.

Each component of the incentive has specific criteria that must be met. Most importantly only those companies that contribute significantly to growing our economy can qualify for these tax incentives and training grants. Subject to some variations by category of assistance and size of the county where the company locates or expands, companies must meet at least two of three criteria and the wage criteria must nearly always be met.

- 1) High wages: In Washoe County, which includes Reno and Sparks, companies must pay an average wage of \$19.69 (\$40,955 annually), equal to the statewide average hourly wage.
- 2) Number of Jobs: In Washoe County new companies must create 75 new fulltime jobs while expansions must increase by 10% or 6 employees, whichever is greater.
- 3) Capital Investment: In Washoe County new companies must invest \$1 million, while expansions must spend at least 20% of the value of tangible property possessed by the business.

For more information go to [www.edawn.org](http://www.edawn.org), click on “Data Center” then click on “Tax Incentives”, or call EDawn at 775.829.3705.