EXPLAINER

ECONOMIC POLICY

Guinn CENTER

TAX ABATEMENTS VERSUS TAX CREDITS IN NEVADA: AN EXPLAINER

PUBLISHED JULY 2026

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ACKNOWLEDGMENTS

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FUNDING DISCLOSURE

This research was made possible through the generous philanthropic support of the Guinn Center. To view all our research, a full list of our donors, or to support nonpartisan policy research in Nevada, please visit GuinnCenter.org.

INTRODUCTION

Tax abatements and tax credits have gained greater attention in recent years, as Nevada has utilized these policy tools to diversify and expand its economy by incentivizing the growth of existing businesses and attracting new businesses to the state. Beyond serving as an economic development tool, tax abatements and credits also provide relief to property owners who pay property taxes each year and incentivize policy objectives, such as the use of recycled materials, the development of renewable energy facilities, and the expansion of affordable housing.

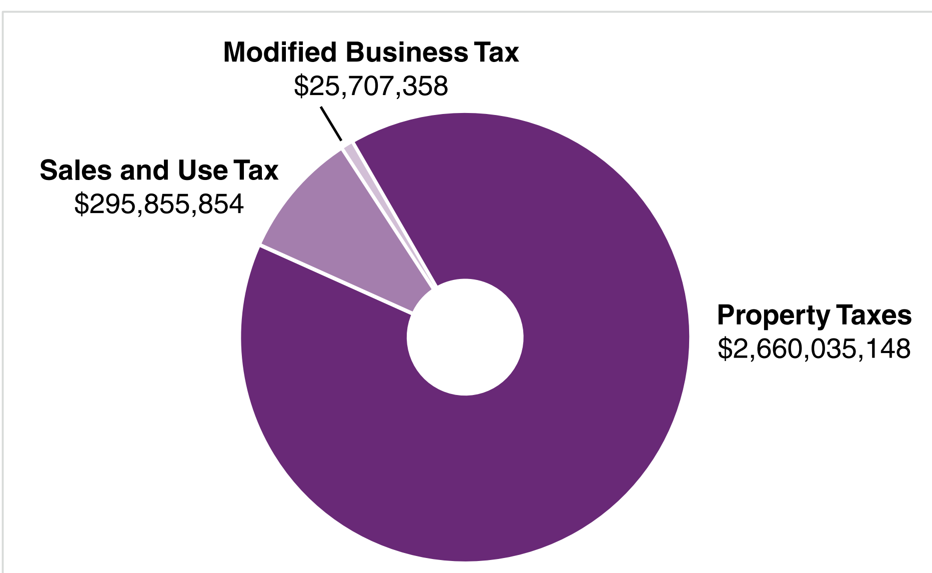
This explainer seeks to clarify the distinction between tax abatements and tax credits and illustrate their scale and impact, dollar-wise, across various types of taxes in fiscal years 2023 and 2024. We identify types of tax abatements and credits created in *Nevada Revised Statutes* (NRS) and conclude with a timeline of significant legislation on tax abatements and credits since their inception.

TAX ABATEMENTS

Tax abatements are reductions in the level of tax due by an individual or company and, in many respects, are applied for a specific period.[1] Abatements are authorized in various provisions of NRS and primarily provide for the partial abatement of real and personal property taxes, local sales and use taxes, and Modified Business Tax. Figure 1 displays the dollar values of tax abatements issued for each type of tax.

Tax abatements are often associated with economic development objectives and used to incentivize business development and growth. These include abatements for businesses that locate or expand in Nevada.

Figure 1. Tax Abatements by Tax Type—Fiscal Year (FY) 2023 and FY2024



Source: *Nevada Department of Taxation, 2023-2024 Tax Expenditure Report,* *https://tax.nv.gov/wp-content/uploads/2024/11/ExpenditureReport_FY2324_FINAL.pdf.*

1. Nevada Department of Taxation, *Tax Expenditure Report 2023-2024* (Carson City: Nevada Department of Taxation, November 2024), v, https://tax.nv.gov/wp-content/uploads/2024/11/ExpenditureReport_FY2324_FINAL.pdf.

Tax abatements are often associated with economic development objectives and used to incentivize business development and growth. These include abatements for businesses that locate or expand in Nevada. Various provisions of NRS also authorize tax abatements for: (1) new or expanded data centers (NRS 360.754, NRS 361.0683); (2) businesses that manufacture, service or maintain aircraft (NRS 360.753); (3) new or expanding businesses using recycled material (NRS 701A.210); (4) renewable energy facilities (NRS 701A.360 through 701A.390); (5) certain qualified projects with a capital investment of at least $1 billion (NRS 360.893); and (6) certain qualified projects with a capital investment of at least $3.5 billion (NRS 360.965).

The earliest tax abatements were authorized by statute in 1963 for real or personal property acquired by federal, state, or local governments in Nevada.

The provisions of NRS 361.471 through 361.4735, inclusive, also authorize partial abatements of property tax for owners of single-family residences, residential rental dwellings, and properties that do not qualify as residential to mitigate the growth in property taxes levied the previous year. Figure 2 displays the dollar amount of tax abatements by tax abatement program issued in FY 2023 and FY 2024. As shown in Figure 2, property taxes for owners of property in Nevada represented the greatest share of tax abatements issued at approximately $2.4 billion.

Figure 2. Tax Abatements by Program FY 2023 and FY 2024

Tax Abatements by Type	Amount
Property Owners - Property Taxes	$2,398,064,392
Data Centers	$238,853,392
Energy Efficient Structures	$147,858,145
Renewable Energy Facilities	$77,405,275
Capital Investment at Least $3.5 Billion	$49,178,844
New or Expanding Businesses	$46,747,186
Government Entities	$16,180,004
Other	
Aircraft and Aircraft Components	$3,136,031
Capital Investment at Least $1 Billion	$2,674,098
Businesses Using Recycled Materials	$1,500,993
Total	**$2,981,598,360**

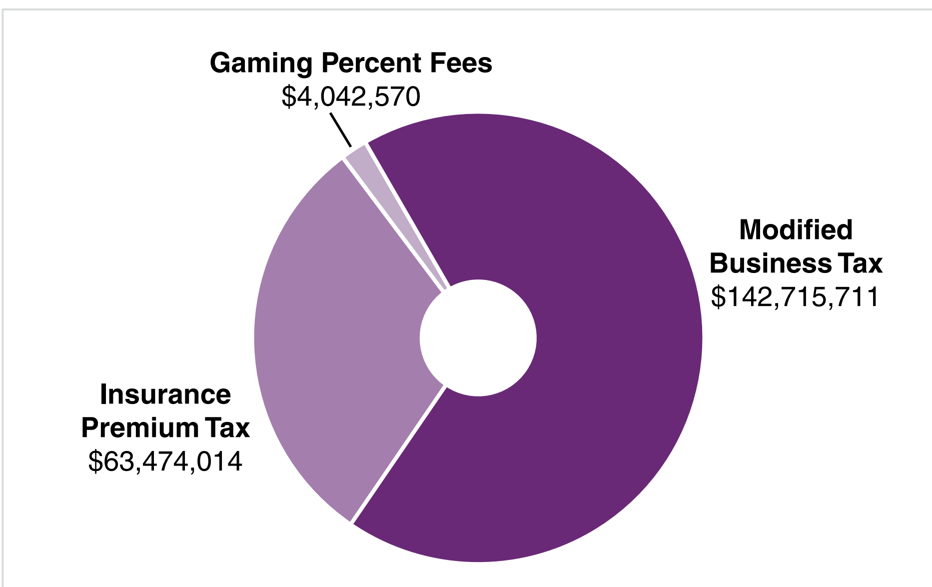
Source: *Nevada Department of Taxation, 2023-2024 Tax Expenditure Report,* *https://tax.nv.gov/wp-content/uploads/2024/11/ExpenditureReport_FY2324_FINAL.pdf.*

TAX CREDITS

Tax credits are amounts of money that a taxpayer can take as a credit against the amount of tax that is owed to the state.[2] Various provisions of NRS primarily allow credits to be applied to the Modified Business Tax, Percentage Fees on Gross Gaming Revenue, and the Insurance Premium Tax. Figure 3 displays the dollar amounts of tax credits issued for each type of tax.

Currently, tax credit programs incentivize various policy objectives including economic development, education choice, college savings, and affordable housing.

Figure 3. Tax Credits by Tax Type FY2023 and FY2024



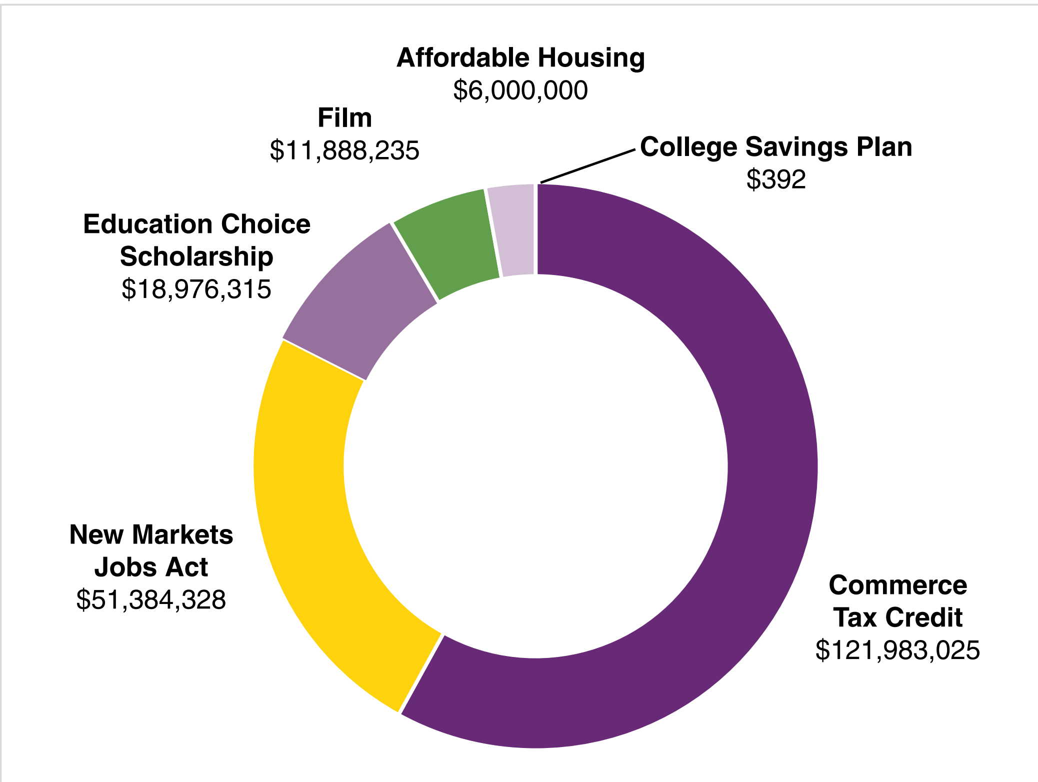
Source: *Economic Forum Forecast Report, May 1, 2025, Adjusted for Actions Taken During the 2025 Legislative Session and by the Interim Finance Committee (June 2025),* *https://www.leg.state.nv.usdivision/fiscal/economic%20forum/2025ForecastReport_ADJ.pdf*.

2. Nevada Department of Taxation, *Tax Expenditure Report*, https://tax.nv.gov/wp-content/uploads/2024/11/ExpenditureReport_FY2324_FINAL.pdf.

The earliest tax credits were approved in 1935 to address liquor exported outside Nevada or lost or stolen during transit. Tax credits have gained in popularity over the past 12 years, with ten new tax credit programs established by the Legislature since 2013.[3] Currently, tax credit programs incentivize various policy objectives, including economic development, education choice, college savings, and affordable housing. Most recently, in 2023, the Legislature approved the issuance of tax credits for a Major League Baseball stadium project. The Economic Forum considers and includes the effect of tax credits on tax collections in its General Fund revenue forecast every two years. The tax credits are separately identified and incorporated into the forecast as reductions to total General Fund revenue. Tax credits (including the Commerce Tax Credit) totaled $111.5 million in FY 2023 and $98.7 million in FY 2024.[4]

Certain statutes provide for the issuance of transferable tax credits, which authorizes the recipient to transfer them once. This allows the recipient to receive a benefit by selling the tax credit to another taxpayer with tax liability. Figure 4 displays the dollar amount of tax credits issued by the tax credit program in FY 2023 and FY 2024. As shown in Figure 4, Commerce Tax credits accounted for the largest share of issued tax credits at nearly $122 million.

Figure 4. Tax Credits issued in FY 2023 and FY 2024



Source: Economic Forum Forecast Report, May 1, 2025, Adjusted for Actions Taken During the 2025 Legislative Session and by the Interim Finance Committee (June 2025), [*https://www.leg.state.nv.us/division/fiscal/economic%20forum/2025ForecastReport_ADJ.pdf*](https://www.leg.state.nv.us/division/fiscal/economic%20forum/2025ForecastReport_ADJ.pdf).

3. The ten tax credit programs are: (1) Film Transferrable Tax Credit; (2) New Markets Tax Credit; (3) Education Choice Scholarship Tax Credit; (4) College Savings Plan Tax Credit; (5) Commerce Tax Credit; (6) New or Expanded Business Transferrable Tax Credit; (7) Capital Investment of at Least $1 Billion Transferrable Tax Credit; (8) Capital Investment of at Least $3.5 Billion Transferrable Tax Credit; (9) Affordable Housing Transferrable Tax Credit; and (10) the Baseball Stadium Transferrable Tax Credit.

4. Nevada Legislature, Fiscal Analysis Division, Economic Forum Forecast Report Adjusted for Actions Taken During the 2025 Legislative Session and by the Interim Finance Committee (June 2025) (Carson City: Nevada Legislature, May 1, 2025), https://www.leg.state.nv.us/division/fiscal/economic%20forum/2025ForecastReport_ADJ.pdf.

KEY TERMS

TAX ABATEMENT

Reductions in the level of tax due by an individual or company for a specific period.

PARTIAL TAX ABATEMENT

Reductions on a portion of taxes due by an individual or company for a specific period.

TAX CREDIT

Amounts of money that a taxpayer can take as a credit against the amount of taxes owed to the state.

Various provisions of NRS provide for tax credits to be applied to certain taxes on businesses commonly referred to as the Modified Business Tax on general businesses, financial institutions and mining (Chapters 363A and 363B of NRS), the excise tax on bank branches (Chapter 363A of NRS), certain license fees commonly referred to as percentage fees on gross gaming revenue (NRS 463.370), and the general tax on insurance premiums (Chapter 680B of NRS).

TRANSFERABLE TAX CREDIT

Amounts of money that a taxpayer, or other person or entity to which the tax credits were transferred, can take as a credit against the amount of taxes owed to the state.

These include qualified film and other productions, new or expanded businesses, certain minimum capital investments of at least $1 billion, certain minimum capital investments of at least $3.5 billion, affordable housing, and a Major League Baseball stadium project.

TAX CREDIT AND ABATEMENT TIMELINE IN NEVADA

1935

First tax credits approved by the Legislature for taxes paid on **intoxicating liquor** sold outside this state and any intoxicating liquor lost, stolen in transit or damaged or spoiled on premises (NRS 369.370).

1963

Abatement of taxes on real and personal **property acquired by the federal government or the state** or its political subdivision (NRS 361.484).

2005

Partial abatement of property taxes for eligible **owners of single-family owner-occupied residences, residential rental dwellings, or owners of property** that do not qualify for the partial abatement on eligible single-family, owner-occupied residences or qualifying residential rental properties (NRS 361.471 to 361.4735, inclusive).

2013

Tax credits authorized by the Legislature in the Nevada **New Markets Jobs Act** (Chapter 231A of NRS).

2014

First transferable tax credits approved along with abatements on qualified projects with a **capital investment of at least $3.5 billion**. Transferable tax credits not to exceed $195 million (Senate Bill 1, 28th Special Session).

2019

Transferable tax credits approved for **affordable housing** (NRS 360.860 to 360.870, inclusive).

2023

Transferable tax credits for a **Major League Baseball stadium** up to a maximum of $180 million (Southern Nevada Tourism Innovation Act, Special Acts of the Legislature).

This explainer seeks to provide a better understanding of tax abatements and tax credits and their corresponding fiscal impacts, as they affect citizens across Nevada in varying ways. Tax abatements and tax credits continue to serve as key tools for fostering economic diversification and expansion throughout Nevada. This has required policymakers in the Legislature to consider, at times, key legislative measures to advance this objective. It should be noted that while the tax credit and abatement timeline identifies the most recent major tax credit package approved by the Legislature in 2023, the 36th Special Session of the Legislature considered film infrastructure transferable tax credits (Assembly Bill 5) in November 2025. Although this legislation did not receive final approval, there is an ongoing need to clarify the difference between abatements and credits, which is the purpose of this explainer.

ABOUT THE GUINN CENTER

The Kenny Guinn Center for Policy Priorities is a nonprofit, nonpartisan policy research center addressing key challenges faced by policymakers and all Nevadans.

Our staff researchers, together with academic partners and independent experts across the state, tackle policy issues that range from taxation to water use, healthcare to education, and everything in between. We identify and analyze the complex problems we face as a state and inform decision-makers about actionable, data-driven, and effective policy solutions.

We invite you to join us in creating a brighter future for the Silver State by supporting our mission, signing up for our newsletter, or getting in contact.

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Identify and advance sound policies and actionable solutions that support a thriving and prosperous Nevada.

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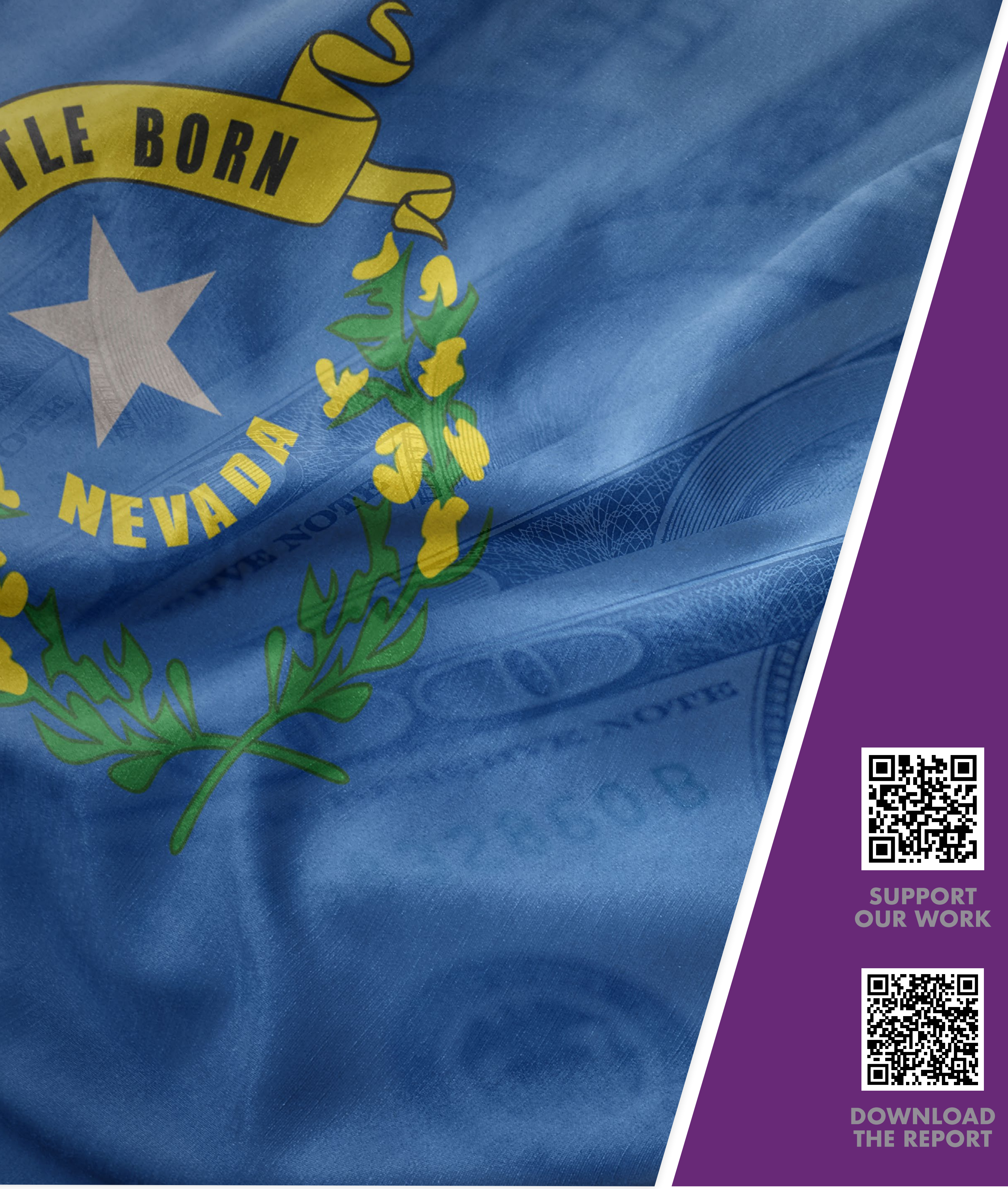
Advancing evidence-based policy solutions for Nevada through research, public engagement, and partnerships.



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