Nevada

Key points:

- Nevada is trailing other states because it has not adopted a plan for regular evaluation of tax incentives.
- In recent years, the state has approved hundreds of millions of dollars in incentives for car manufacturers, technology companies, and a new stadium.
- The state has recently increased the amount of data it compiles on incentives, which could serve as a building block for future evaluations.

Many states have struck supersize incentive deals with businesses in recent years, but few have been as big as Nevada’s 2014 agreement with electric car manufacturer Tesla, which includes $1.3 billion in tax incentives over 10 years. For its part, the company agreed to locate a massive new electric battery factory—what may eventually be one of the largest buildings in the world—in rural Nevada. The state has also authorized hundreds of millions of dollars in incentives to Faraday Future (another electric car maker), eBay, and a new stadium intended to lure the National Football League’s Oakland Raiders to Las Vegas.

Despite the state’s growing incentive commitment, Nevada lacks a process to regularly evaluate them. In recent years, though, the state has increased the amount of data it compiles on incentives. For example, in a report published every two years, the Governor’s Office of Economic Development assembles various performance indicators such as the number of jobs businesses receiving incentives have pledged to create and the size of their capital investments. This type of information could serve as a building block for evaluations that draw conclusions about the effectiveness of incentive programs and recommend improvements.

While most evaluation laws across the country establish reviews of incentive programs, a Nevada process could also provide information on the company-specific agreements that are such a prominent part of Nevada’s economic development portfolio. In Minnesota, a 2015 evaluation law requires quadrennial reports on best practices for deals tailored to specific companies or projects, including how best to structure performance standards and protections to ensure that those standards are met. An approach like Minnesota’s could provide Nevada lawmakers with valuable information for the next time a Tesla or Faraday Future comes along.
References


For further information, please visit:
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