
RENEWABLE ENERGY DEVELOPMENT

STATE TAX POLICIES AND INCENTIVES IMPACTING RENEWABLE ENERGY DEVELOPMENT

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Tribal Governments are Eligible for:

- Portfolio Energy Credits

**State Taxes that
Impact
Development**

Property Tax as Percent of Income

3.53 percent



**Exemptions for
Doing Business
in Indian
Country**

Tax Incentives

- Sales and Use Tax Abatement
- Property Tax Abatement for Green Buildings
- Large-Scale Producers Tax Abatement
- Renewable Energy Systems Tax Exemption

Personal Income Tax

None.

Corporate Income Tax

None.

Sales and Use Tax

6.85 percent

Unemployment Insurance Tax

0.25 percent to 5.4 percent

Gasoline Tax

33.1 cents per gallon

Diesel Tax

28.6 cents per gallon

Nevada law (NRS 370.515 and R370.210) exempts cigarette sales on reservations from state taxes.

Renewable Energy Sales and Use Tax Abatement

New or expanded businesses can apply for a sales and use tax abatement for qualifying technologies. The system must generate at least 10 megawatts.

- *Incentive:* Purchaser only has to pay a 2.25 percent sales and use taxes.
- *Eligible Renewable Technologies:* Solar Thermal Electric, Solar Thermal Process Heat, Photovoltaics, Landfill Gas, Wind, Biomass, Hydroelectric, Fuel Cells, Geothermal Electric, Municipal Solid Waste, Facilities for the transmission of electricity produced from renewable energy or geothermal resources located in Nevada, Anaerobic Digestion and Fuel Cells using Renewable Fuels
- *Applicable Sectors:* Agricultural, Utility, Industrial and Commercial (power producers)
- *Expiration:* June 30, 2049
- *Authority:* NRS 701A.360, et seq. (2009)



Property Tax Abatement for Green Buildings

A partial property tax abatement is available for non-residential buildings and multi-family residential buildings that are certified under the U.S. Green Building Council's Leadership in Energy and Environment Design (LEED) program.

- *Incentive:* Abatement percentages vary from 25 percent reduction to 35 percent reduction depending on LEED status.
- *Eligible Renewable Technologies:* Passive Solar Space Heat, Solar Water Heat, Photovoltaics, Landfill Gas, Wind, Biomass, Geothermal Electric, Daylighting, Anaerobic Digestion and Small Hydroelectric
- *Applicable Sectors:* Commercial, Industrial and Multi-Family Residential
- *Authorities:* NRS § 701A.110 (2005) (amended in 2007) and NAC § 701A.010 et seq. (2007)

Large Scale Renewable Energy Producers Property Tax Abatement

New or expanding businesses are eligible for a property tax abatement of up to 55 percent for 20 years.

- *Incentive:* 55 percent abatement for 20 years for systems of at least 10 MW
- *Eligible Renewable Technologies:* Solar Thermal Electric, Solar Thermal Process Heat, Photovoltaics, Landfill Gas, Biomass, Wind, Hydroelectric, Fuel Cells, Geothermal Electric, Municipal Waste, Facilities for the transmission of electricity produced from renewable energy or geothermal resources located in Nevada, Anaerobic Digestion and Fuel Cells using Renewable Fuels
- *Applicable Sectors:* Commercial and Utility (power producers)
- *Expiration:* June 30, 2049
- *Authority:* NRS 701A.360 et seq.

Renewable Energy Systems Property Tax Exemption

Value that is added to buildings from a renewable energy system is subtracted from the assessed value for property tax purposes.

- *Incentive:* 100 percent
- *Eligible Renewable Technologies:* Passive Solar Space Heat, Photovoltaics, Solar Water Heat, Solar Space Heat, Wind, Hydroelectric, Geothermal Electric, Geothermal Heat Pumps, Municipal Solid Waste and Geothermal Direct-Use
- *Applicable Sectors:* Commercial, Agricultural, Residential and Industrial
- *Authorities:* NRS § 701A.200 (1983) and SB 426 (2011)

Portfolio Energy Credits

*Tribal governments are eligible

Renewable energy producers earn Portfolio Energy Credits that can be sold to utilities that must meet the state's Energy Portfolio Standard. One PEC is equal to one kilowatt-hour of electricity generated, except for photovoltaics (for which 2.4 Portfolio Energy



- Portfolio Energy Credits
- Rebate Program
- Renewable Energy Zones

Credits are credited).

- *Incentive:* Varies; higher for solar PECs
- *Eligible Renewable Technologies:* Passive Solar Space Heat, Solar Water Heat, Solar Space Heat, Solar Thermal Electric, Solar Thermal Process Heat, Photovoltaics, Landfill Gas, Wind, Biomass, Hydroelectric, Geothermal Electric, Municipal Solid Waste, Waste Tires (using microwave reduction), Geothermal Hot Water District Heating Systems, Solar Pool Heating, Anaerobic Digestion and Biodiesel
- *Applicable Sectors:* Tribal Government, Utilities, State Government, Local Government, Nonprofit, Schools, Agricultural, Institutional, Residential, Industrial and Commercial
- *Authorities:* NAC 704.8901 et seq. and LCB File R167-05 (Revised Regulations)

For more information visit

[https://www.nvtrec.com/\(S\(zkctge45fupayzygig5cq0a3\)\)/UI/Guest/Homepage.aspx?AspxAutoDetectCookieSupport=1](https://www.nvtrec.com/(S(zkctge45fupayzygig5cq0a3))/UI/Guest/Homepage.aspx?AspxAutoDetectCookieSupport=1).

NV Energy RenewableGenerations Rebate Program (State Rebate Program)

The SolarGenerations Rebate Program, which began in August 2004, provides rebates for grid-connected PV installations, small wind systems, and small hydroelectric systems to Nevada customers of NV Energy. The system must not exceed 1 MW.

- *Eligible Renewable Technologies:* Photovoltaics, Wind and Small Hydroelectric
- *Applicable Sectors:* Commercial, State Government, Local Government, Agricultural, Residential, Nonprofit, Schools and other public buildings
- *Incentive (for solar):* \$4.70 per watt AC
- *Maximum (for solar):* \$17,000 for residential; \$85,000 for small businesses; \$470 for public facilities and \$235,000 or higher for schools with permission
- *Authorities:* NRS § 701B.010 et seq., SB 358 (2009) and NAC § 701B

For more information visit

<http://www.nvenergy.com/renewablesenvironment/renewablegenerations/index.cfm>

Renewable Energy Zones

The State Legislature directed the Public Utilities Commission to designate zones that would help for planning transmission lines. For solar, a zone of 18,582 MW generating capacity was determined.

- *Authority:* NRS 704.741

Renewable Portfolio Standard

25 percent by 2025.

- *Eligible Renewable Technologies:* Solar Thermal Electric, Solar Space Heat, Solar Water Heat, Solar Thermal Process Heat, Photovoltaics, Landfill Gas, Biomass, Wind, Hydroelectric, Geothermal Electric, Municipal Solid Waste, Waste Tires (using microwave reduction), Energy Recovery Processes, Solar Pool Heating, Geothermal Direct-Use, Biodiesel and Anaerobic Digestion



Regulatory Policies

- Net Metering
- Interconnection Standards
- Solar and Wind Easements and Rights Laws
- State Energy Reduction Plan
- Solar Contractor Licensing

- *Applicable Sectors:* Investor-Owned Utility and Retail Supplier
- *Authorities:* NRS 704.7801 et seq. (1997), NAC 704.8831 et seq. (2002), LCB File R167-05 (Revised Regulations, 2006), and Assembly Bill 150 (2011)

Solar Carve-Out: 5 percent requirement for solar through 2015 (1.2 percent of sales in 2015). Six percent for solar for 2016-2025 (1.5 percent of sales in 2025).

Net Metering

Every investor-owned utility must offer net metering until the aggregate capacity in the state is 2 percent of peak capacity of all utilities. Systems up to one MW in capacity are eligible, but systems greater than 25 kW may be subject to costs at the utility's discretion. Systems have to offset at least part of a customer-generator's electricity requirements, and systems are not eligible if they exceed either the limit on demand that the class of customer of the generator may place on the utility's system or 100 percent of the customer's annual electricity demand, whichever is greater.

- *Authorities:* NRS 704.766 et seq., NAC 704.8901 et seq., SB 59 (2011) and AB 359 (2011)

Interconnection Standards

The PUC adopted interconnection standards with on-site generation up to 20 MW in capacity. Eligible renewable technologies include solar thermal electric, photovoltaics, wind, biomass and geothermal electric.

Solar and Wind Easements and Rights Laws

Solar and wind energy system owners are protected against restrictions that could prevent them from installing systems on their property. No ordinance or contract can be adopted that affects the transfer or sale of property that restrict landowners from installing solar or wind energy systems. Solar systems are protected from siting restrictions that could decrease efficiency or performance by 10 percent (for solar). Law also permits parties to enter into legally binding solar easements.

- *Authorities:* NRS § 111.370 et seq. (1995), NRS § 111.239 et seq., NRS § 278.02077 et seq., NRS § 116.2111 and AB 122 (2011)

State Energy Reduction Plan

State agencies, departments and other entities must reduce grid-based energy purchases for state-owned building by 20 percent by 2015. Senate Bill 395 of 2009 charged the State Public Works Board with adopting and implementing guidelines for renewable energy use in state buildings and ensuring that guidelines are cost-effective. Standards have yet to be formalized.

- *Authorities:* NRS 701.215 et seq., NRS 333.4611 and NRS 341.144



Solar Contractor Licensing

Those who install solar energy systems must be licensed under License Classification C-37 (solar contracting). Contractors can perform solar work under plumbing and heating classification and other sub-classifications as well. Law mandates a licensing program for contractors installing and maintaining photovoltaic systems. PV installers must hold a license as a PV installer.

➤ *Authorities:* NAC 624.190 et seq. and NRS §618.910 et seq.

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Sources:

Database of State Incentives for Renewables & Efficiency, a joint effort between U.S. Department of Energy Office of Energy Efficiency & Renewable Energy, North Carolina Solar Center and the Interstate Renewable Energy Council; www.dsireusa.org

Incentives for Businesses 50 State Handbook, State Capitol Group (Washington, D.C.: State Capitol Group, July 2010); www.statecapitalgroup.org

Robyn, Mark, *2012 State Business Tax Climate Index*, Tax Foundation (Washington, D.C.: Tax Foundation, January 2012); http://taxfoundation.org/files/2012_tax_foundation_index_bp62.pdf.

Various state websites

