



Nevada Lawmakers Getting Closer To Decision On Tesla

By [Chris Sieroty](#)



Nevada's Legislature is meeting on Day 2 of its special session to consider \$1.25 billion in tax credits and other incentives for Tesla's battery factory.

Credit Nevada Governor's Office

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The [special legislative session](#) to bring Tesla Motors Inc. to Nevada made substantial progress Thursday as two of four bills cleared the Assembly.

Assembly Bills 1 and 3, were passed on a 39-0 vote. The bills will give Tesla a reduction in costs on some

of its power costs, and change a home office tax credit for insurance companies to go to Tesla instead.

The Senate has introduced a major omnibus bill that would enact a massive \$1.25 billion tax break for the electric car maker to build its battery factory at Reno-Tahoe Industrial Park in Storey County.

The bill also requires Tesla to make a \$3.5 billion investment in Nevada over the next decade to receive the incentives.

[The Las Vegas Review-Journal](#) reports the Legislature could wrap up the special session late Thursday. But to do that, the Senate will have to pass SB1 and then get it through the Assembly.

NEVADA SPECIAL SESSIONS

If you're curious about how many special sessions have been called over the course of Nevada's legislative history that number is 27. Not very many for a state where lawmakers meet for four-months every other year.

Most recently, Republican Gov. Brian Sandoval called a special session in 2013 to have lawmakers deal with five bills that weren't dealt with during the 120 day session.

Legislators passed measures dealing with school class-size reduction, charter schools, tax abatements for new businesses, money for the Millennium Scholarship fund and more police officers in Clark County.

At the time, Sandoval said he decided to call the special session because lawmakers were close to approving the measures and the issues were important to Nevada's economy, public safety and education.

And five out of the last six special sessions have lasted one day. The last special session that was called to deal explicitly with addressing a development incentive package for businesses was in 1984.

In 1984, then Gov. Richard Bryan called the 15th Special Session to change the banking laws to allow for the establishment of a Citicorp call center and credit card processing facility in Las Vegas.

Bryan, a Democrat, said at the time that the association of large publicly traded companies like Citicorp with Nevada helps change the state's image.

After lawmakers passed the legislation, Citibank had postal officials accept an address of "The Lakes, Nevada" as a return address for all of its credit card statements. The Lakes is the name of a Las Vegas housing development between South Rainbow Boulevard and South Hualapai Way and West Sahara Avenue and Desert Inn Road.

In January, Citigroup announced it was eliminating the last 220 jobs at its former sprawling campus at 8725 W. Sahara Ave. The financial services firm said the jobs would either be eliminated by October or transition to work-from home jobs.

In September 2013, the company said it was eliminating 760 jobs in its mortgage unit. Despite winding down operations in Las Vegas, Citibank signage is still visible on the outside of 300,000 square feet of office space at The Lakes.

SACRAMENTO VS. LAS VEGAS

Tesla's decision to locate its battery factory near Sparks could translate into serious economic benefits for the Sacramento region, according to a site selection expert.

John Boyd, founder of The Boyd Co., a Princeton, N.J.-based site selection firm, said that some suppliers, vendors and support companies may find that U.S. 50 and I-80 region between Sacramento and Reno is attractive, especially "companies that can withstand California's difficult business environment."

"That labor force is very rich in terms of high-tech employees," Boyd told KNPR in a phone interview Thursday.

So where does that leave Las Vegas in the Tesla sweepstakes? Boyd said Las Vegas "economic development foot soldiers should be thinking about how (they) can leverage Tesla and what's in it for us?"

He said as Tesla moves other functions out of its Fremont, Calif., headquarters in the months and years ahead "and they will because of costs pressures and California's business climate," accounting functions, finance, marketing and design will be up for grabs.

"That's something that should be on the radar screen down the road," Boyd said, "It is a very likely scenario. Not right away. Las Vegas brings to the table a world class airport that will catch the fancy of Tesla as the look down the road for sites for back office (jobs). Las Vegas will be a prime candidate."

HUTTO FINISHES SECOND

A small suburb north of Austin, Texas, officially came in second to Sparks in the Tesla sweepstakes. Boyd told KNPR that a possible 1,000-acre mega site in Hutto caused Tesla to be "very close" to settling on the Texas suburb for a home for its battery factory.

"I have always thought San Antonio was the leading contender in Texas," Boyd said, "Tesla even spent money in Hutto assembling some acreage."

GUINN CENTER REPORT

Meanwhile, the nonprofit [Guinn Center for Policy Priorities](#) issued a report on Wednesday with six suggestions for Nevada lawmakers considering the Tesla deal.

The recommendations are:

- Require Tesla's transferable tax credits be sold at their original value and not at a discount. Tesla is set to receive \$125 million in tax credits, which it will be able to sell to other Nevada

companies. Normally the credits are sold at a discount, saving the purchasing company on its tax bills.

- Include clawback provisions in the state's final contract with the electric car maker. If Tesla doesn't meet the terms of the contract, the company would be forced to pay back some or all of the tax incentives it receives.
- Include performance-based measures. The deals should include specific hiring and capital investment targets.
- Reduce sales and use tax abatements relative to property tax abatements.
- Establish a government commission to monitor the contract and performance targets.
- And establish a standing committee between Tesla and the Nevada System of Higher Education to build the workforce pipeline to work for Tesla and other manufacturers.