

John Seelmeyer

jseelmeyer@nbnw.biz

April 21, 2014

Site selector says Nevada a frontrunner for new Tesla factory

A New Jersey site selector who works with numerous large national companies said last week he believes that Tesla Motors is highly likely to locate its 6,500-worker battery-manufacturing plant in northern Nevada.

John Boyd, president of The Boyd Co. Inc. of Princeton, N.J., said the absence of a corporate income tax in Nevada could be the critical selling point that brings the Tesla plant, and perhaps some of the company's back-office functions, to northern Nevada.

Boyd doesn't represent Tesla in its search for a site for the factory, but like other site-selectors he's following the company's search closely.

"I would be shocked if this project doesn't end up in Reno," Boyd said last week.

The California-based manufacturer of electric vehicles has said it's looking at possible locations in Nevada, Arizona, New Mexico and Texas.

Arizona Gov. Jan Brewer told reporters last week that she understands one of the states — she didn't say which one — is no longer in contention.

Executives of both the Economic Development Authority of Western Nevada and the Nevada Governor's Office of Economic Development last week cited confidentiality requirements and said they won't talk about the Tesla search.

Boyd said northern Nevada features three elements that are likely to be key to Tesla's decision:

- Ready access to sources of renewable energy to power the \$5 billion factory.
- Good rail service linking potential plant sites to Tesla's vehicle manufacturing plant at Fremont, Calif. That's critical to save on shipping costs.

- An attractive regulatory climate in Nevada, including its status as a right-to-work state in which workers can't be required to join a union.

But the most important card that Nevada is playing in the horse race to land the plant, Boyd said, is the absence of a corporate income tax.

It's possible, he says, that Tesla could follow the lead of other major companies such as Microsoft Licensing LLP that have established back-office operations in Nevada to take advantage of the state's tax laws.

While Nevada's bid for the Tesla plant appears strong, Boyd said a big deal-closing fund that Texas officials can put into play might tip the scales in their direction.

Texas officials can put down big dollars — nearly \$50 million a year lately — to close deals with major employers who have narrowed their search to Texas and a competitive state.

Nevada's bid also may be hampered by perceptions that the region lacks a skilled workforce.

"I think that concern tends to be overblown," said Boyd. He noted that Tucson and Albuquerque — two other possible sites for the plant — also face questions about skills of their workforces.

If nothing else, he said the relatively low cost of living in northern Nevada opens the door for workers to relocate to the region to take jobs with Tesla.

Tesla has said it expects to start construction on 10 million square feet of factory space this year, with production set to begin in 2017.

The company has said it expects to develop the factory in a partnership with Panasonic, its current battery supplier.