

# ATLANTA BUSINESS CHRONICLE

## Tesla could've brought 20,000 jobs to Georgia. It chose Texas instead.



*An aerial view of Tesla's factory in Fremont, California.* Tesla, Inc.



By Savannah Sicurella — Reporter, Atlanta Business Chronicle - Jun 6, 2022

Before Rivian Automotive Inc. and Hyundai Motor Co., there was Tesla Inc.

Shortly before the pandemic, the Georgia Department of Economic Development welcomed a team representing the electric vehicle manufacturer to the heart of Midtown, according to documents obtained by Atlanta Business Chronicle. On the table: building a 12 million-square-foot automobile manufacturing plant that would employ 20,000 workers.

By jobs alone, this was a massive project. It's more than twice the size of the two biggest economic development deals the state landed in the last eight months. Tesla (Nasdaq: TSLA) was looking for a minimum of 800 acres to build the project, which went under the name Project Panther, according to the documents.

So the state made its pitch. It shared a presentation calling Georgia the No. 1 state to do business and lead workforce development programs. Georgia is a right-to-work state, the presentation pointed out, and home to the North American headquarters of Kia Corp. and Mercedes-Benz.

### **Georgia's big loss**

But Georgia was cut from the project in March — the same day the World Health Organization declared COVID-19 a pandemic — when site criteria changed and Tesla's interest pivoted to the central U.S., state economic development documents show.

With Georgia out of the question, Tesla turned to one of the state's biggest economic development rivals: Texas.

Two months later, Tesla announced that it was building a \$1.1 billion, 2,000-acre Gigafactory in Austin, Texas, that would create around 5,000 jobs. In 2021, however, Tesla CEO Elon Musk said on Twitter that the factory will generate at least 20,000 direct jobs and 100,000 indirect jobs over time.

The facility will produce its Model Y SUVs, Model 3, semi-tractor trailer and supervillain-esque Cybertrucks. Construction was completed on the plant in January of this year.

Tesla didn't inform all parties involved with the deal in Georgia that they were pulled from the running. Some found out Georgia lost the plant from Elon Musk's tweets about Austin. This, however, isn't atypical. When Georgia landed Rivian, economic development officials in North Carolina learned they were beginning to lose favor for the project through news reports. Reasons behind Tesla's exit from Georgia were not revealed by state economic development documents.

The company's pivot wasn't a total blow to Georgia's electric vehicle prospects.

### **Georgia's budding electric vehicle industry**

Months later, Georgia landed electric vehicle startup Rivian in Walton County, which Economic Development Commissioner Pat Wilson said puts the state "at the forefront of the electric vehicle revolution." In May of this year, Hyundai announced it was building an EV plant in Bryan County.

Both of these megasites were considered by Tesla, along with another in Peach County. The site in Walton County that Rivian selected was the finalist for Tesla, according to state documents.

Any project loss evokes the what-if question, especially when it promises 20,000 jobs.



*Tesla Inc. unveiled its new Cybertruck at the Tesla Design Center in Hawthorne, California, late Nov. 21 Tesla*

Though production only began in late December, the Austin plant had several spinoff effects. Parts manufacturers and suppliers started planning new facilities in Central Texas. Home values rose sharply in the area. Whether by causation or correlation, the company relocated its headquarters from Palo Alto, California, to Austin.

### **Tesla's tax incentive package**

Tesla could've been partly lured by incentives offered by Travis County and the local Del Valle Independent School District through the form of tax abatements. Tesla said it needed incentives for the project to go forward. The school district estimated the incentives deal could save Tesla around \$50 million over 10 years. The state of Texas did not offer grants.

Georgia could've provided incentives that rivaled Texas' offers. But the state did not offer incentives on Project Panther before it was cut from the running, documents show. The state did provide a list of incentive comparisons for other major economic development projects, including South Korean battery manufacturer SK Innovation and Kia Manufacturing, to demonstrate what a deal could look like.

The incentives offered to SK Innovation, which brought just over 2,000 jobs to Jackson County, totaled \$181.8 million. For its nearly 2,900 job plant in West Point, Kia Manufacturing received \$258.2 million. Given the job count alone, the incentives offered to Tesla could've gone up and beyond \$1.5 billion, the record amount awarded to Rivian.

But it wasn't all about incentives. They were likely "icing on the cake," site selection expert Dennis Donovan said.

"I've seen better incentive packages," he said.

Critical to projects of Tesla's size are sites with existing highway and utility infrastructure and a sizable workforce within a 60-minute radius. Once these basic needs are met, companies can factor incentives into their selection.

Economic development success is cumulative. It's about relationship building, said site selection expert John Boyd with The Boyd Co., Inc. Coming in third or fourth place in an economic development deal could lead to future investments by a company. For example, Texas was a runner-up in Tesla's Nevada manufacturing facility that opened in 2016.

Atlanta Business Chronicle reached out to the Georgia Department of Economic Development for comment. Wilson did not address the Tesla deal, but wrote "our goal is to seize this revolutionary moment of industry change to recruit the entire electric mobility supply chain to Georgia," in an emailed statement.