

Tesla says decision on battery factory months away

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In this June 22, 2012 file photo, Tesla Motors Inc. CEO Elon Musk holds up a bottle of wine given as a gift from one of their first customers, right, during a rally at the Tesla factory in Fremont, Calif. Tesla Motors says it is preparing a site near Reno, Nevada, as a possible location for its new battery factory, but is still evaluating other locations. (AP Photo/Paul Sakuma, File)

(AP)—Electric car maker Tesla Motors said Thursday that it is preparing a site near Reno, Nevada, as a possible location for its new

battery factory, but is still evaluating other sites.

Tesla said it broke ground on the Nevada site in June. It said further that a final decision on the location for the \$5 billion factory will be made in the next few months. Tesla has dubbed the proposed facility the "gigafactory," and says it could employ 6,500 people by 2020.

Competition for the factory is intense. California, New Mexico, Arizona and Texas are also in the running. Tesla wants the factory to supply batteries for its Model 3 electric car, which is set to go on sale in 2017.

"Any potentially duplicative investments are minor compared to the revenue that could be lost if the launch of Model 3 were affected by any delays at our primary Gigafactory site," Tesla said in a statement.

The states are trying hard to help Tesla make its decision. Earlier Thursday, Tucson, Arizona, said it pre-approved a building permit for the Tesla factory, even though the company hadn't applied for one yet.

Three weeks ago, California Gov. Jerry Brown signed legislation that included tax incentives that appeared designed to benefit Tesla. That came two months after Tesla CEO Elon Musk said he considered the state a long shot because of the time it will take to win regulatory approval.

The ground-breaking in Reno doesn't necessarily make Nevada the favorite to land the factory.

On a conference call Thursday following the release of second-quarter earnings, Musk said "at this point the ball is in the court of the governor and the state legislature." He added that Tesla wants incentives that are fair to the state and the company.

Tyler Klimas, press secretary for Gov. Brian Sandoval, told The Associated Press that the governor cannot comment on any incentives Nevada might be discussing with Tesla.

Earlier Thursday, Tesla and its battery supplier, Panasonic Corp., announced that they will collaborate on the battery factory. Tesla will build the facility and Panasonic will make the batteries.

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