

Nevada governor unveils \$335 million deal to draw carmaker

December 10 2015, by Ken Ritter And Michelle Rindels



A sign advertises Mountain View Industrial Park near Apex Industrial Park on Wednesday, Dec. 9, 2015, in North Las Vegas, Nev. Chinese-backed electric carmaker Faraday Future plans to build a manufacturing plant near the site, according to a letter the company sent Nevada officials Wednesday. (AP Photo/John Locher)

Nevada Gov. Brian Sandoval announced a tentative agreement Thursday that would bring Chinese-backed electric carmaker Faraday Future's \$1

billion plant to a Las Vegas suburb in exchange for \$335 million in state tax incentives and infrastructure investments.

The Republican governor would need to call Nevada lawmakers into a special session to authorize the deal, which is a smaller package than what convinced electric carmaker Tesla Motors last year to place its massive \$5 billion battery factory outside of Reno.

Here are highlights some of the agreement that Nevada [economic development](#) officials hammered out over the course of a year.

TAX ABATEMENTS:

Faraday Future is expected to bring in \$760 million in state and local tax revenue over 20 years—\$215 million of which would be abated through the deal.

While Nevada offers a level of general tax incentives to all businesses that make a certain minimum investment, and approved \$1.3 billion in incentives for Tesla's large investment, the deal will ask lawmakers to create a middle-tier option for Faraday's factory and similar-sized projects.

Faraday's tier would receive a complete sales tax rebate for 15 years, compared with Tesla's 20-year term. Faraday would also receive a 75 percent abatement of property tax and the modified business tax for 10 years, as opposed to the 100 percent Tesla receives.

To hedge against the risk of inviting an upstart, largely unknown company to Nevada, the state is planning to allow Faraday the abatement money it would receive under the lowest incentive tier, and bank the extra money it's owed as part of the proposed middle tier.



This Nov. 6, 2015, file photo shows the Faraday Future building in Gardena, Calif. Chinese-backed electric carmaker Faraday Future plans to build a \$1 billion manufacturing plant in North Las Vegas, according to a letter the company sent Nevada officials Wednesday, Dec. 9, 2015. The upstart, California-based automaker chose Nevada over three other states after extensive negotiations with Nevada's economic development team. Its tentative agreement to build the factory is contingent upon the state authorizing major tax incentives. (AP Photo/Nick Ut, File)

Once the company hits the threshold of investing \$1 billion in the project, it could tap into the money stored in the trust fund.

The package also includes up to \$38 million in transferrable [tax](#) credits, funded by an \$8 million reduction each year in the amount Nevada places in its Catalyst Fund to boost economic development projects.

INFRASTRUCTURE IMPROVEMENTS:

The deal involves \$120 million in public infrastructure improvements to upgrade the Apex Industrial Park in North Las Vegas, and an additional \$70 million or so in investments from private landowners. Projects include widening a five-mile stretch of US-93 near the park and constructing a "flyover" section of road to make it easier and safer for vehicles to enter the complex off the highway.

The roadway improvement project would go to the front of the line, potentially pushing back other projects in the Nevada Department of Transportation's queue, according to Steve Hill of the Governor's Office of Economic Development.

Other improvement projects include building a rail port at the park.

WORKFORCE DEVELOPMENT:

State officials project the plant will employ 4,500 people when it reaches maturity in 2023, with jobs paying an average of \$22 per hour. At its peak, the project is expected to employ 3,000 construction workers.

Half of the plant's workers must be Nevadans, according to the agreement.

The plant is also expected to create 9,000 indirect jobs. The total economic impact of Faraday's arrival is projected to be \$85 billion over 20 years, mostly through wages.

A training program is planned to prepare up to 4,000 auto assembly workers for jobs at the plant.

© 2015 The Associated Press. All rights reserved.

Citation: Nevada governor unveils \$335 million deal to draw carmaker (2015, December 10)

retrieved 6 February 2023 from

<https://phys.org/news/2015-12-nevada-governor-unveils-million-carmaker.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.