

## Tesla likely a key topic in gubernatorial debate



by **JOHN HOWARD** posted 09.03.2014

Tesla's decision to choose Nevada for its planned \$5 billion battery factory is all but certain to play out Thursday evening in the one-and-only televised gubernatorial campaign debate between Jerry Brown and Neel Kashkari.

The electric car maker – which has received \$100 million in California tax breaks and other incentives between 2009 and 2013 – reportedly intends to place its so-called “gigafactory” in Nevada. The plant is expected to employ about 6,500 people.

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A Tesla spokeswoman, Liz Jarvis-Shean was quoted Wednesday as saying the Palo Alto company “looks forward to joining the governor and legislative leaders tomorrow (Thursday) in Carson City,” referring to Nevada lawmakers and Nevada Gov. Brian Sandoval. Sandoval's office issued a statement saying only that a “major economic development announcement” was planned.

California's economic recovery has been a core issue in the gubernatorial campaign between Gov. Brown, a Democrat who is seeking an unprecedented fourth term and already is the state's longest serving governor, and Kashkari, a Republican and former treasury official. Brown is heavily favored.

Kashkari recently spent a week as a homeless person on the streets of Fresno to highlight the state's economic woes, while Brown has extolled his leadership record in bringing the state to fiscal solvency. The debate is scheduled for 7 p.m. in the California Channel studios across from the Capitol.

California, Tesla's home state, has been courting the automaker in hopes of being the site of the new factory. For

several months, Tesla has been scouting locations in several states, including Texas, Nevada, Arizona and New Mexico, as well as California, for a factory to build high-efficiency battery packs for its cars.

Legislation aimed at providing incentives for Tesla to stay in California died a day before the end of the Legislative session after lawmakers didn't take up a draft proposal. The plan reportedly would have exempted Tesla's proposed factory from the California Environmental Quality Act and would have provided an estimated \$500 million worth of financial breaks.

California incentives received earlier by Tesla include a \$31 million sales tax exemption in 2009 for the purchase of plant equipment, a similar tax break, for \$24 million, three years later; another incentive deal worth \$35 million in 2013 and \$10 million to build its Model X vehicle in Fremont.

Earlier this year, California air-quality regulators considered a plan in which electric vehicles costing more than \$60,000 could be eliminated from a major rebate program and the incentives themselves would have been reduced to a fifth of their current level. Both those moves would have cut Tesla Motors' models from the rebates entirely.

The plan controversial plan was intended to get rebates into the hands of buyers in disadvantaged communities who live in areas with bad air quality or who can't afford high-end electric cars such as Tesla. The original proposal was later withdrawn. Tesla, clearly angered, said the plan would "jeopardize the purchase of more than 2,500 Tesla vehicles in the state" and could force manufacturing delays.

Tesla's decision got most in California by surprise.

State Sen. Ted Gaines, R-Rocklin, whose district borders on Nevada, said he was "devastated" by the decision.

"Tesla is a California-born company that the state has invested heavily in and we want it to succeed. It makes complete sense for it to expand right here, close to its headquarters, yet they are headed out of state," he said.