



September 10, 2014

Dear Members of the Nevada Legislature:

We join in the excitement surrounding the selection of our great state as the site for Tesla's massive new manufacturing facility, and wish you well in your deliberations that begin this afternoon.

But our enthusiasm is tempered by hard, as yet unanswered questions surrounding the deal. Without answers, it's impossible to know whether this is indeed in the best interests of Nevadans.

If we are to use our state's threadbare tax coffers to subsidize this multi-billion dollar corporation, we urge you, in the strongest possible terms, to hold Tesla accountable for creating family-wage jobs with Nevadans first in line, and other benefits for our state. Specifically, you should attach job quality standards regarding wages and benefits, indexed to inflation over the 20-year deal, to the Tesla tax breaks. You should also mandate customized training and first-source hiring procedures to maximize hiring opportunities for Nevadans. And to deter outsourcing or the use of temp agencies, all of Tesla's tax breaks (not just the refundable credits) should require direct employment and be pegged to employment levels (so that property and sales tax exemptions would be scaled back if Tesla does not reach and maintain 6,500 employees).

We seriously question the highly dubious 80:1 payoff that the Sandoval Administration has touted as our gamble-free return on investment. The Legislative Counsel Bureau should be directed to provide you with an independent analysis of that claim because it mixes apples and oranges: taxpayer costs with benefits that are not equivalent tax-revenue gains.

If the 80-1 ratio is incorrect, what else is being fudged in the economic analysis? Storey County, where the facility is being built, currently has only 16 firefighters. Who will pay the costs, sure to be created by growth, for teachers and schools, public safety, sanitation, roads, transit and other infrastructure? The Governor's own analysis says sales and property taxes paid by working families will become the available revenue while Tesla pays nothing. Will this deal create pressure to raise the sales and property tax rates?

The proposed Tesla contribution of \$7.5 million per year for schools for five years (while it would pay no property taxes for 10 years and no sales tax for 20

years) seems like chicken scratch for an influx of thousands of children of new workers. Will this be enough to ensure that our already overcrowded and underfunded schools meet the challenge of educating a new workforce? We doubt it.

Governor Sandoval's open-ended proclamation leaves the door open for other corporations, such as Switch, to come feed at the tax-break trough of this special session. Don't entertain this foolishness. Keep the focus on Tesla alone.

In closing, we at PLAN support taxpayer investments in education and infrastructure because they benefit all employers. They avoid putting a lot of eggs in any one corporate basket, reducing our risk if a deal doesn't pan out. This subsidy package is 14 times bigger than any prior deal in Nevada history. It deserves 14 times more caution and safeguards to protect taxpayers.

While some subsidies may be warranted, the deal on the table appears far too generous, and far too risky.

Thank you for your service to our state.

Sincerely,



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PS. One last question, which has been asked by others but only answered by silence: Why can't the state of Nevada come together on a plan to raise revenues to fix our broken education system as enthusiastically as the rush to create a \$1.3 billion package of corporate subsidies for a single company in one part of the state?