

Analysts: Nevada overstating Tesla's economic benefits

By Chris Kirkham, Los Angeles Times

When Nevada Gov. Brian Sandoval announced a \$1.3-billion package of public subsidies to lure a Tesla Motors battery factory, he stressed that the huge sum would be dwarfed by an economic windfall for local residents.

The electric car maker will create \$100 billion in economic benefits, he said, and "change Nevada forever."

"Even the most skeptical economist would conclude that this is a strong return for us," Sandoval said during a news conference this month with Tesla Chief Executive Elon Musk.

Economists who reviewed Nevada's economic benefit estimates for the Los Angeles Times concluded something quite different. They pointed to flawed assumptions and inflated projections in the state's promises of job creation, tax revenue and overall spending created by the \$5-billion lithium-ion battery facility.

The projection, for instance, counts all future tax revenue, but makes no allowance for government spending to serve the influx of residents. It counts every dollar of workers' salaries as if they were unemployed or lived out of state before Tesla arrived. And more than half of the estimated economic jolt relies on the assumption that the bulk of the factory's supply chain will relocate to Nevada.

Tesla plans to hire 6,500 workers, and the estimate counts a projected 16,000 additional jobs from suppliers and other local business to serve the new workforce.

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