

# Reno sees future, and it isn't casinos

By Jim Carlton, Wall Street Journal

RENO—For much of the past half century, Reno moved in lock step with its glamorous big sister, Las Vegas, their fortunes rising and falling with their mainstay industry, gambling.

But Reno is now betting on a different economic future, turning its back on casino tourism as an economic driver in favor of becoming a manufacturing hub for everything from drones to car batteries.

Since 2011, the “Biggest Little City in the World” has recruited about 100 companies to locate or expand here with more than 10,000 new jobs—many cajoled by a former West Point cadet who instilled military discipline into Reno’s economic-development office.

Reno landed the Tesla deal in no small part because of a \$1.3 billion tax-break package signed by Nevada Gov. Brian Sandoval. Critics saw the tax break, the state’s largest ever and among the biggest such enticements nationally, as a giveaway of public funds.

Many cities across the U.S. are trying to do the same thing as Reno: diversify away from once-bedrock industries that have cratered or become too volatile. Houston, for example, has tried to branch out from energy production into technology and health care. For many Rust Belt cities, the makeover process has been a struggle, in part because they started too late, says Gary A. Hoover, chairman of the economics department at the University of Oklahoma.

There are signs Reno's strategy is starting to pay off. Before Nevada's top two metro areas went into recession in 2008, both had unemployment rates below 4 percent. While the jobless rate in both soared to 14 percent in 2011, Reno's has fallen to 6.1 percent, as of August, vs. 7 percent for Las Vegas, according to Labor Department estimates.

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