

Tesla gets \$330M tax deal for Nevada expansion, truck plant

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A sign marks the entrance to the Tesla Gigafactory, Oct. 13, 2018, in Sparks, Nev. Tesla will get more than \$330 million in tax breaks from Nevada to massively expand its vehicle battery facility east of Reno and add a new electric semi-truck factory. Approval on Thursday, March 2, 2023, from the Governor's Office of Economic Development came as Republican Gov. Joe Lombardo cited the benefit of jobs and the boost that Tesla's huge Gigafactory has given the local economy for almost a decade. Credit: AP Photo/John Locher, File

Tesla won more than \$330 million in tax breaks from Nevada on Thursday for the company's commitment to a massive expansion of its sprawling vehicle battery facilities east of Reno, including the construction of a new electric semi-truck factory.

Approval from the Governor's Office of Economic Development came as Gov. Joe Lombardo cited the benefit of good-paying jobs and a nearly decade-long boost to the local economy around Tesla's huge Gigafactory.

Critics said Thursday that working-class families have been left out of the equation because the state agreed in 2014 to provide more than \$1 billion in tax breaks to lure Tesla to Nevada.

The deal is the latest to mark northern Nevada as a focal point in the U.S. transition to [green energy](#), as Democratic President Joe Biden's administration seeks to move away from gas-powered vehicles in the larger fight against climate change.

"Tesla has far exceeded every promise they made going back to 2014," said Lombardo, a Republican who chairs the board made up of top state elected, education and business officials.

Lombardo, who took office in January after defeating Democratic Gov. Steve Sisolak in November, has proposed a two-year state budget of \$11 billion. He tweeted a photo of himself Jan. 24 [with Tesla CEO Elon Musk](#) at the industrial park east of Reno-Sparks and called the pending agreement "an incredible investment in our state." Musk also owns Twitter and the rocket company SpaceX.

However, the \$330 million figure remained [secret until Monday](#) because of a nondisclosure agreement between Tesla and state officials.

That drew complaints from lawmakers in the Democratic-controlled

state Legislature about having only three days to review a 20-year tax abatement.

"There is little to no opportunity to explore how this deal may affect housing supply, public schools, public safety, and other vital government services in the region," Sen. Dina Neal said in a statement. The Democrat from North Las Vegas who chairs the chamber's Revenue and Economic Development Committee did not immediately respond Thursday to messages seeking further comment.

Bob Fulkerson, a longtime social-justice organizer in Reno who raised similar concerns, said the needs of working-class families are being ignored "while my revenue-starved state gives almost \$2 billion in tax subsidies to the world's richest man in less than 10 years."



An overall view of the new Tesla Gigafactory is seen during a media tour Tuesday, July 26, 2016, in Sparks, Nev. Tesla will get more than \$330 million in

tax breaks from Nevada to massively expand its vehicle battery facility east of Reno and add a new electric semi-truck factory. Approval on Thursday, March 2, 2023, from the Governor's Office of Economic Development came as Republican Gov. Joe Lombardo cited the benefit of jobs and the boost that Tesla's huge Gigafactory has given the local economy for almost a decade. Credit: AP Photo/Rich Pedroncelli, File

"This game has been rigged, just like 2014 when those proceedings were also shrouded in secrecy and Tesla pitted us against (California and Texas) in a bidding war that made the governor and Legislature think we had to sell the farm," Fulkerson said.

Lombardo's statement said Tesla has spent \$6.2 billion on its existing 5.4 million square foot (501,676-square-meter) Gigafactory, which the governor said provided 17,000 construction jobs and more than 11,000 "highly paid permanent jobs."

Tesla projects it will make another \$3.6 billion capital investment, creating 3,000 jobs at an average hourly rate of \$33.49 with health insurance for 91% of its employees.

The company plans to add 4 million square feet (371,612 square meters) of production space at two new factories at the Truckee-Reno Industrial Center, about 20 miles (32 kilometers) east of Reno-Sparks along Interstate 80.

One plant will have capacity to produce batteries for 1.5 million light-duty vehicles a year, the company said. The other will have Tesla's first production line for electric combination trucks. Musk has said the goal is a battery range of 500 miles (805 kilometers) when pulling an 82,000-pound (37,000-kilogram) load.

Public support for the deal came from the White House and Mitch Landrieu, Biden's infrastructure chief. Support also came from University of Nevada, Reno President Brian Sandoval, a Republican who as Nevada governor approved an initial \$1.3 billion Tesla abatement deal in 2014, and a preschool at the factory site that said it will expand its hours to accommodate workers.

Three elected lawmakers in rural Storey County, where the Tesla factory is located, lauded the economic benefit to the region. But they said the county of just 4,100 permanent residents deserves more tax revenue to support infrastructure and services, including police, fire and EMS.

Tom Burns, executive director of the Governor's Office of Economic Development, said in a statement that Tesla's Gigafactory has propelled the state manufacturing industry and established [lithium-ion batteries](#) as the state's eighth-largest export.

A Nevada-based [recycling plant for electric vehicle batteries](#) won a \$2 billion green energy loan from the Biden administration in February.

On Wednesday, a federal appeals court refused to block construction of the largest lithium mine in the U.S. about 200 miles northeast of Reno, where Lithium Nevada Corp. has now begun work. The San Francisco-based court is considering claims by conservationists and tribes that the government illegally approved it in a rush to produce raw materials for electric vehicle batteries.

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