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NEVADA ECONOMY: Sandoval hunts for business

Incoming governor calls CEOs

RENO -- Gov.-elect Brian Sandoval said Monday that he already has been calling businesses around the country to induce them to move to Nevada and help reduce the state's nation-leading 14.2 percent unemployment rate .

While there are no takers to announce so far, Sandoval said "many, many are actively looking at relocating in Nevada."

Even finding an alternative use for the proposed nuclear waste repository at Yucca Mountain is on his list of economic development options, he said.

"It is all hypothetical now," Sandoval said. "It would have to be done in a way that is safe for the people of Nevada."

Economic development and job creation remain the No. 1 goal of his administration, Sandoval said after a closed-door meeting with members of his newly appointed 29-member transition advisory team in the Jones Vargas law office.

"I have been given a list of CEOs," he said. "I have been making those calls. There are companies actively interested in locating in Nevada."

Sandoval is talking with 13 companies on behalf of Nevada Business Connections and the Economic Development Authority of Western Nevada, his press secretary, Mary-Sarah Kinner, said.

The names of the companies are confidential, she said.

Sandoval said the state's economic climate has improved in recent months, but he expects he still must cut state spending by about \$1 billion.

The Nevada Economic Forum is expected Wednesday to estimate that state tax revenues and fees will bring in about \$5.4 billion over the next two-year budget cycle. That is 16 percent, \$1 billion, less than current state spending.

The forum is a group of five business leaders who by law determine how much state government can spend.

Some legislators have estimated the revenue shortfall is as much as \$3 billion below what state government needs to end furloughs and keep its spending at current levels. The budget was built on about \$800 million in federal stimulus spending that is ending and on \$500 billion in taxes that are due to expire on June 30.

Sandoval repeated Monday that he will veto any bill that proposes extending the temporary taxes: a 0.35 percent increase in the sales tax rate, the doubling of business license fees and the nearly doubling of the business payroll tax.

Except for tax and fee increases, Sandoval is considering everything from taking local government funds to selling state buildings and then leasing them back as he searches for ways to balance the state budget, Dale Eriquaga, his deputy transition director, recently said.



Still, Sandoval said Monday he sees reason for optimism. State sales tax revenues have increased for three straight months, and the unemployment rate, while still high, showed a slight decline, the first in five years.

"I don't want to give the wrong impression," the governor-elect said. "These are going to be tough budget times. There is going to be shared sacrifice."

Sandoval said he is making calls to companies because he realizes Nevada must diversify its economy and reduce unemployment.

Businesses in Nevada overall have trimmed 200,000 jobs in the past three years, but local economic development authorities and the state Commission on Economic Development have attracted businesses that have created 20,000 jobs, and more are coming, Lt. Gov. Brian Krolicki said.

"There are things we are doing and doing right. There are hundreds of companies looking at relocating in Nevada," Krolicki said.

Las Vegas businessman Steve Hill, a member of the board of the Las Vegas Chamber of Commerce, and Krolicki will lead Sandoval's economic development transition team.

Hill said their team will be looking at what other states are doing to attract businesses and what Nevada now is doing right to attract businesses.

The Washington, D.C.-based Tax Foundation recently ranked Nevada as having the fourth-best business climate in the nation. Its ranking largely was based on the fact that Nevada does not have a state income tax.

Several reporters questioned whether Sandoval's transition team perhaps was part of the problem, noting that most members are well-known business, energy and gaming leaders and that the state economy has gone into a tailspin under their watch.

"I wouldn't say they created this problem," Sandoval said. "I am not going to apologize for them. They have been suffering like everyone else."

Krolicki said that there is a global economic problem that was not caused by anyone in Nevada.

Hill said that Nevada needs to capitalize on the benefits it offers businesses and that efforts should be made to tie education programs offered by universities to what businesses in Nevada need.

He said Sandoval expects to make "bold strides in changing the economy of Nevada."

Sandoval said he will leave today for Washington, D.C., for a Wednesday meeting with President Barack Obama and other newly elected governors.

Sandoval has meetings planned this week with several federal department heads and congressional leaders.

Contact Capital Bureau Chief Ed Vogel at evogel@reviewjournal.com or 775-687-3901.