

GOED Overview
December 10, 2014

Nevada Governor's Office of
ECONOMIC DEVELOPMENT

About GOED

- Created by AB 449, 2011 Legislature
- Authority: NRS 231
- NRS charter
 - Encourage the creation and expansion of businesses in Nevada and the relocation of businesses to Nevada
 - Coordinate and oversee all economic development programs in the State
 - Includes Film, PTAC, CDBG and SSBCI
 - Ensure that the programs are consistent with the State Plan for Economic Development

Vision, Mission, and Objectives

- Vision – *A vibrant, innovative, and sustainable economy with high-paying jobs for Nevadans.*
- Mission – *High-quality jobs for Nevadans.*
- Objectives as identified in the first State Plan for Economic Development
 1. Establish a cohesive economic development operating system.
 2. Advance targeted sectors and opportunities in the regions.
 3. Expand global engagement
 4. Catalyze innovation in core and emerging industries.
 5. Increase opportunity through education and workforce development.

Objectives for 2015-2017

- Advance Sectors
- Expand International Engagement
- Commercialize Innovation
- Grow Workforce

Economic Development Tools

Tax Abatements

- Sales and Use Tax Abatement – Two-year Sales and Use tax abatement on qualified capital equipment purchases, with reductions in the rate to as low as 2 percent.
- Modified Business Tax Abatement – Four-year abatement of 50 percent of the 1.17% rate on quarterly wages exceeding \$85,000.
- Personal Property Tax Abatement – Ten-year abatement on personal property not to exceed 50 percent.
- Real Property Tax Abatement for Recycling – Up to 50% abatement for up to 10 years on real and personal property for qualified recycling businesses.
- SB 1 Major Projects – the issuance of transferable tax credits and the abatement of employer excise taxes and certain property taxes and local sales and use taxes with a minimum \$3.5 billion investment in Nevada over 10-year period

Economic Development Tools

- NRS 274, zones for economic development – Certain qualified areas, such as a depressed area, may be designated as specially benefited zone in order to encourage business development and job creation through a reduction in one or more taxes provided the applicant invests or commits to a minimum investment of \$500,000 in capital

Training Funds

- Train Employees Now (TEN) Grant – Matching grants of up to 75% for training programs for eligible employees.
- Silver State Works Employee Hiring Incentive – Employers can receive as much as \$2,000 for each state-qualified employee hired.

Investment Funds

- Catalyst Fund - The Catalyst Fund was created during the 2011 Legislative Session and funded with a \$10 million initial infusion. Prior to implementation of the Fund, GOED set a goal of assisting the creation of 2500 jobs with this incentive.

Economic Development Tools

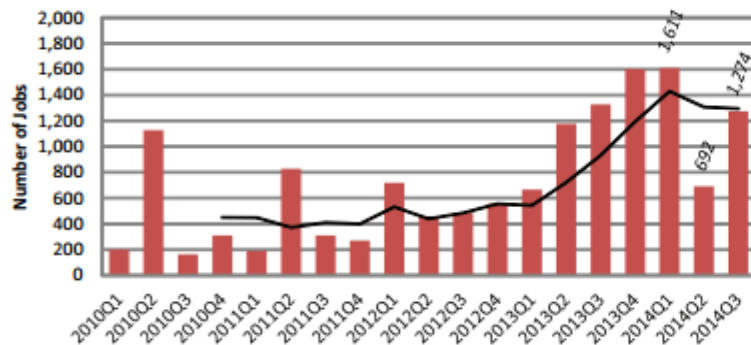
- Knowledge Fund – Created in 2011 and funded by the Nevada Legislature in 2013, the Knowledge Fund is a \$10 million budget allocation intended to spur research, innovation, and commercialization in the State.
- State Small Business Credit Initiative – Nevada was awarded \$13.8 million in federal capital to support the following programs:
 - Battle Born Growth Escalator Venture Program – An evergreen venture capital program that makes equity and equity-like investments State-targeted industries
 - Nevada Collateral Support Program –Supplies cash collateral accounts to Nevada financial institutions to enhance the collateral coverage of borrowers
 - Nevada Microenterprise Initiative Program –Provides business development training and financial investments to small business entrepreneurs

Primary Job Definition and Focus

- Abatements in the State of Nevada are focused on primary job creation
- The definition of a primary job is identified in NAC 360.474 subsection 3:
 - “primary job” means a position of employment offered by an applicant for a partial abatement, the compensation for which is obtained from revenue that is generated outside the economic region in which the business is located

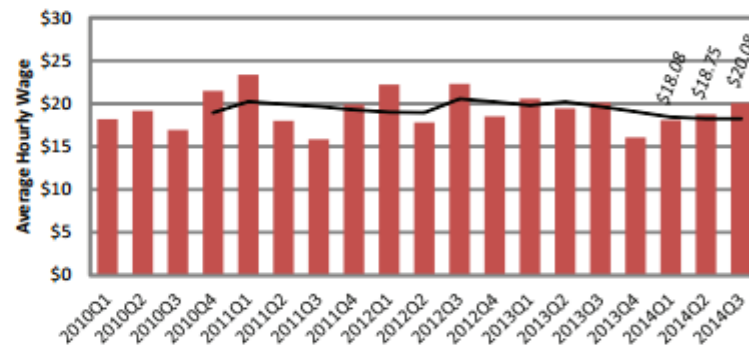
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Jobs Announced by Assisted Companies



There were 1,274 assisted jobs added to Nevada's economy in the third quarter of 2014. These jobs were brought in by 18 companies; 13 that are new to Nevada and 5 that are existing companies expanding their operations. Of the 18, seven are manufacturing operations.

Wages Paid by Assisted Companies



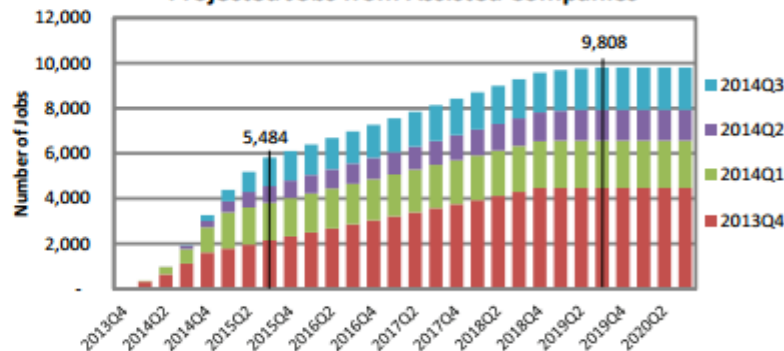
The average hourly wage of assisted companies increased by \$1.33 to \$20.08 in the third quarter. This improvement brings the average wage slightly above the long-run average of \$19.93.

Annual Assisted Company Statistics

	Companies	Assisted Jobs	Average Wage
2009	34	1,279	\$18.43
2010	35	1,802	\$19.25
2011	47	1,600	\$18.54
2012	75	2,223	\$20.38
2013	116	4,771	\$18.69
2014YTD	72	3,577	\$18.81

Through the third quarter of calendar year 2014, there have been 3,577 jobs added to Nevada's economy with the assistance of economic development efforts. This puts us well on track to duplicate what was accomplished in 2013 not taking into account the significant impacts of the Tesla battery manufacturing facility.

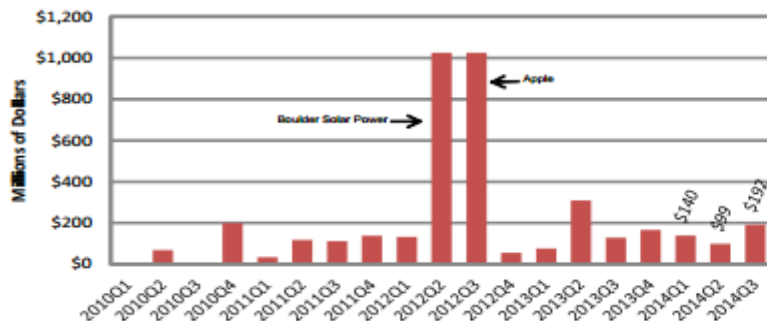
Projected Jobs from Assisted Companies



For the year ending September 2014, there are 100 assisted companies slated to add 5,484 jobs to Nevada's economy. These jobs are expected to come online within one year of announcing expansion or relocation. Once these companies are fully staffed, the five-year projected build-out job count is expected to be 9,808.

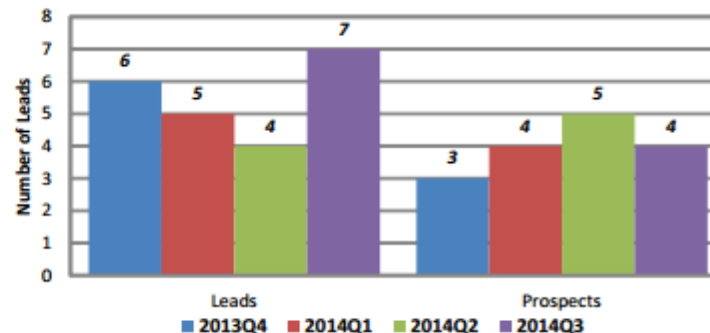
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Assisted Company Investment



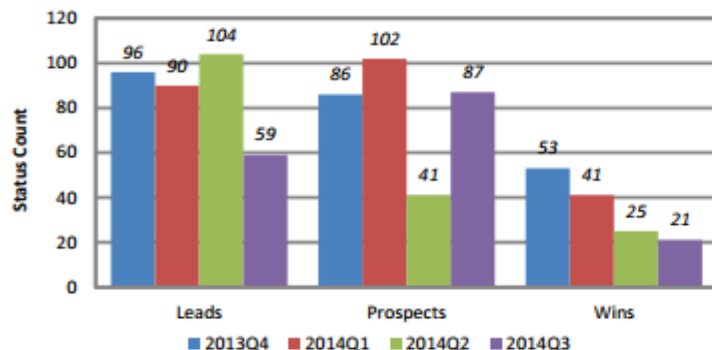
Capital investment by assisted companies came in at \$192 million in the third quarter. This is an improvement of \$93 million over the second quarter, and \$62 million above the same quarter last year. For the year ending September 2014, capital investment is \$6 million above what it was for the same period a year ago.

Global Recruiting



Recruiting international companies to Nevada continues to be a priority. Leads were up in the third quarter following the Governor-led trade mission to Canada, inbound delegations from China and Israel.

Recruitment Activity: 2013Q4 - 2014Q3



The number of wins are down slightly in the third quarter, but the lead conversion rate has improved. Over the last two years there has been one win for every 3.4 leads; over the past four quarters that ratio has improved to one win for every 2.5 leads.

International Trade

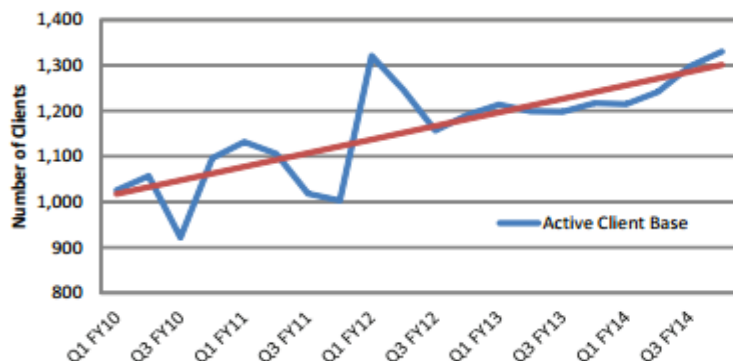
- Issued a grant to NVIE, UNR, and UNLV for the purpose of developing a statewide manufacture database
- Submitted a grant application to USDA for \$500,000 for water and agricultural programs in Namibia, Botswana, and South Africa
- Established the Nevada International Trade and Investment Council that is working on an integrated approach to aggregating statewide services for exporters

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Procurement Technical Assistance Center



Quarter	Clients	Prime Contract Awards			Subcontract Awards		
		Number	Amount	Average	Number	Amount	Average
FY2012	1,191	215	\$26,203,583	\$121,877	46	\$27,207,340	\$591,464
FY2013	1,217	247	\$69,553,216	\$281,592	23	\$4,013,194	\$174,487
FY2014	1,330	325	\$45,340,593	\$139,510	47	\$6,030,228	\$128,303

FY2014 Procurement Technical Assistance Center Accomplishments

- The Nevada Procurement Technical Assistance Center increased its active client base by 9 percent over the past year.
- All PTAC goals for this year were met or exceeded as required and reported to federal funder Defense Logistics Agency.
- During the year PTAC sponsored 37 small business outreach events and participated in an additional 47 small business outreach events throughout the state of Nevada.

Community Development Block Grants

	Number of Grants	Allocation
2010	24	\$2,895,981
2011	32	\$2,612,161
2012	27	\$2,170,726
2013	22	\$2,445,704
2014	24	\$2,439,168

2014 Grants

- 11 Public Facility (Infrastructure) grants totaling \$1,526,563
- 4 Public Service grants totaling \$322,605
- 5 Planning/Capacity Building grants totaling \$300,000
- 1 Housing grant for \$50,000
- 3 Economic Development grants worth \$240,000

Grant Progress

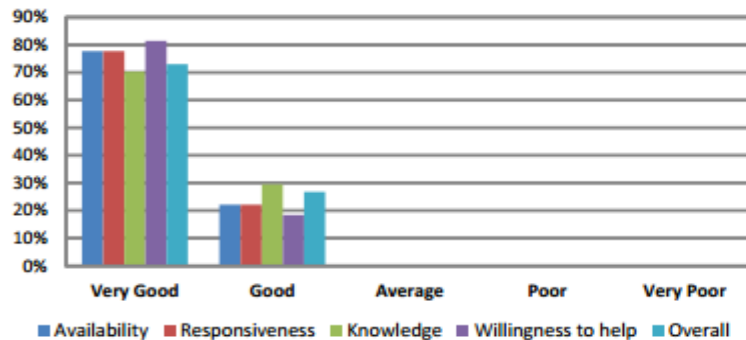
- Fifteen of the twenty-four 2014 grants have received a Notice to Proceed.
- Closed grants assisted 23,968 beneficiaries, 70 percent of which were Low and Moderate Income (LMI).
- As of September 30, Nevada ranked fourth in the country on HUD's ratio of timeliness of expenditure of CDBG grant funds.
- There are currently 41 open grants: 1 from 2012, 16 from 2013, and 24 from 2014 funds.

2015 Grant Cycle

Changes to the CDBG Method of Distribution during the 2015 grant cycle were made during the quarter. These changes included greater involvement of the Regional Development Authorities and increased use of CDBG funds for economic development.

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Nevada Film Office Client Satisfaction Survey



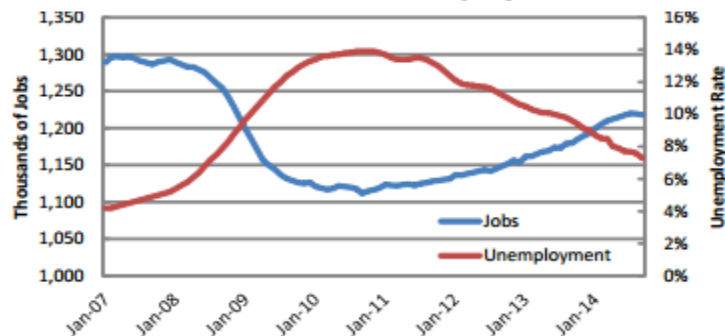
The Nevada Film Office has been conducting a customer satisfaction survey to better gauge the services they provide. Responses on all service categories in 2014 have either been "good" or "very good."

Nevada Film Office Annual Production Revenue

Fiscal Year	Number of Grants	Allocation
2005	789	\$120,208,978
2006	776	\$102,945,418
2007	425	\$113,748,400
2008	436	\$82,727,400
2009	361	\$91,900,600
2010	367	\$81,130,250
2011	479	\$102,525,600
2012	520	\$88,783,700
2013	561	\$68,374,708
2014	443	\$64,011,197

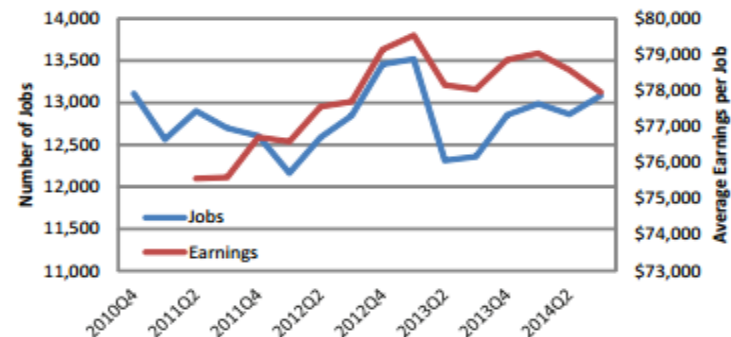
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Nevada Jobs and Unemployment



Nevada's job picture continues to show improvement. Both the number of workers and the unemployment rate have returned to 2008 levels and currently stand at 1,217,900 and 7.3 percent, respectively. This reflects a growth of 106,400 jobs and a drop of 6.6 percent in the unemployment rate since September 2010.

Aerospace & Defense



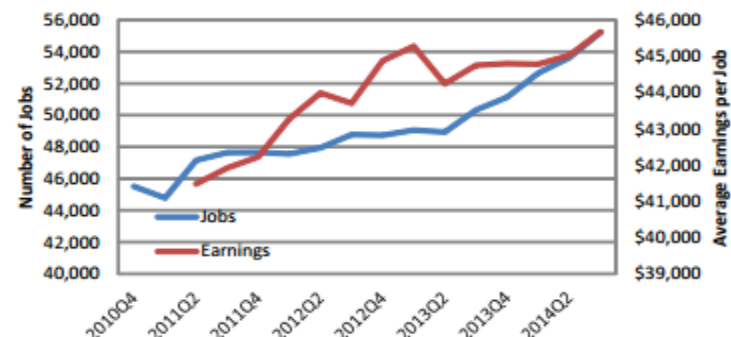
There were 221 jobs added to Nevada's Aerospace and Defense sector in the third quarter. Annual earnings, on the other hand, slipped by \$612. There are currently 13,000 Nevadans employed in this sector with average annual earnings of \$78,000.

Agriculture



Job growth in the Agriculture sector was moved up slightly in the third quarter and currently stands at 6,600 jobs. Average annual earnings, however, slipped by \$500 per year to \$37,400. Most of the movement in both wages and jobs were found in the manufacturing components of the sector.

Business Information Technology



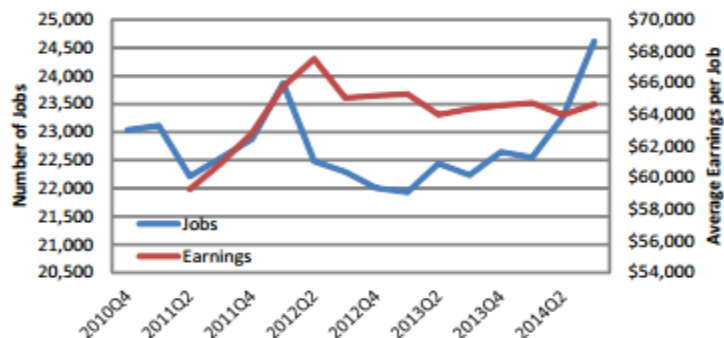
Both earnings and job counts improved in the Business Information Technology sector in the third quarter. An additional 1,600 jobs were added to the sector for a total of 55,200 employees making an average of \$45,700 per year.

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Clean Energy



There were 1,300 jobs added to Nevada's Clean Energy sector in the third quarter which now stands at 24,600. This reflects a job gain of 2,400 jobs over what it was the same time last year. Annual earnings, however, have been flat and are only \$200 higher than the \$64,400 level last year.

Health and Medical



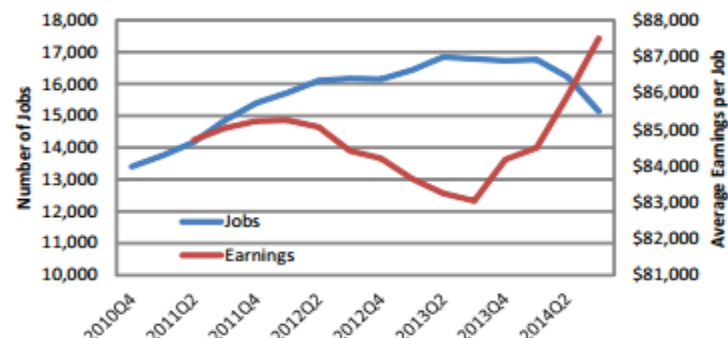
The Health and Medical sector changed little in the third quarter. Jobs were up by 700 and annual earnings by less the \$50. That said, the sector has been on a long-term growth trend that currently employs 96,600 workers and pays an average annual wage of \$53,000.

Logistics and Operations



There was a slight employment drop in Nevada's Logistics and Operations sector with the loss of 395 positions. Wages, on the other hand, moved up a slight \$300 per year. Currently there are 66,735 people employed in the sector making an average annual wage of \$55,867.

Mining



Wages and jobs in Nevada's Mining sector have been sending mixed signals. There was a loss of 1,000 positions for a total of 15,100 workers now employed in the sector. Many of the lost jobs were lower paying support positions which pushed average annual earnings up by \$1,500 to \$87,500 per year.

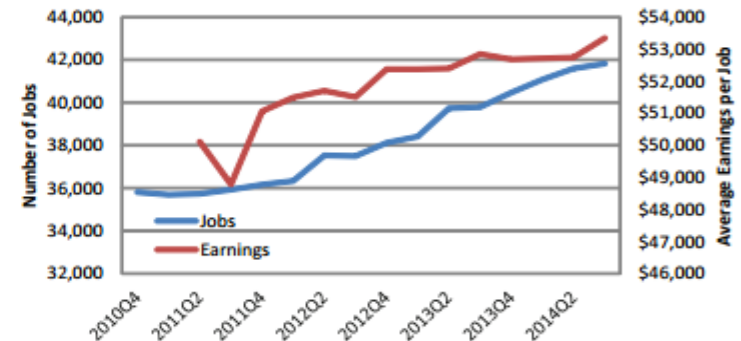
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Manufacturing Not In Other Sectors



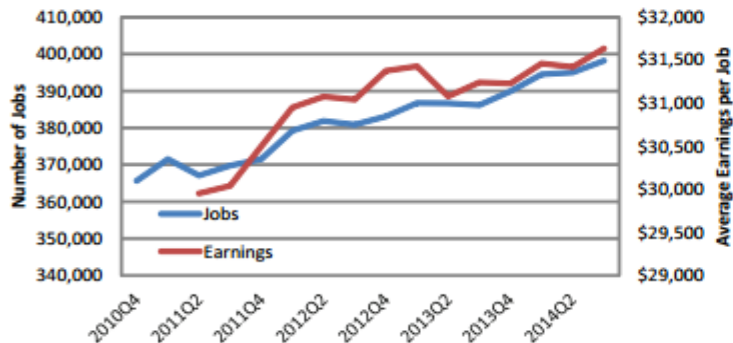
The number of jobs in Manufacturing industries not designated to other sectors slipped slightly in the third quarter with the loss of 600 jobs. Wages, however, improved by \$600 per year. Currently, there are 24,500 positions in the industry group with an average annual wage of \$45,300 per job.

All Manufacturing



Job growth in Nevada's Manufacturing sector continues on a growth trajectory. Over the past year 2,000 jobs have been added to the sector, bringing total employment to 42,000. Annual earnings have also been improving and currently stand at \$53,300.

Tourism, Gaming and Entertainment



Job growth in Nevada's largest employment sector continued to improve in the third quarter with the addition of 3,000 jobs. Average annual earnings also grew slightly by \$200 per year. There are currently 398,000 Nevadans employed in the sector making an average annual wage of \$31,600.

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SSBCI Metrics

- Nevada Collateral Support Program –Nine loans/investments totaling \$3,072,465
- Nevada Microenterprise Initiative – Committed \$200,000
- Battle Born
 - September 2014: Two company investments in Fandevor and Trans World Health totaling \$400,000
 - By end of 2014: One additional company will receive \$200,000 in investment dollars

GOED Budget Accounts

Budget Account

Primary Funding Source

1526 Economic Development

General Fund

Operating	\$3.7M
RDAs/Training Grant, etc.	\$3.8M
UAV Program	\$1.25M

1521 State Small Business Credit Initiative

\$4M

Federal

1527 Nevada Film Office

\$700K

Tourism – Room Tax

1528 Rural Community Development

\$2.5M

Federal

1529 Catalyst Fund

\$5M

General Fund

1533 Knowledge Fund

\$5M

General Fund

4867 Procurement Outreach

\$600K

Federal

1529 – Catalyst Fund

- A deal-closing fund, primarily for impact relocations, and a total budget allocation of \$11.5 million of which approximately \$2.7M remains.
- The GOED Board has so far approved 13 companies for Catalyst Funds: \$8,862,500 committed for 3,445 jobs approximately \$2,570 per job

Company	Job Total	Catalyst Fund Grant Amount
• Take Two Interactive	150	\$600,000
• Cristek Interconnects	50	\$200,000
• New Logic Research	30	\$75,000
• Aardagh Metal Packaging, Inc.	140	\$630,000
• Torchmate-Lincoln Cutting	40	\$125,000
• Garlock Printing	180	\$577,500
• Nicholas & Co.	125	\$625,000
• Solar City	800	\$1,200,000
• Pathion	50	\$200,000
• Barclaycard	1,005	\$1,875,000
• Kareo	300	\$750,000
• Cannon Safe	275	\$1,100,000
• CatamaranRX	300	\$900,000

1533 – Knowledge Fund

- Intended to spur research, innovation, and commercialization in the State and a key component for advancing Innovation-Based Economic Development. Created as part of AB 449 in 2011, funded in 2013 Legislature.
- Total budget allocation of \$10 million, FY 14 \$5M and FY15 \$5M
- The following NSHE proposals have been approved:
 - DRI Nevada Center of Excellence, \$500,000
 - Collaborative Industry-NSHE Unmanned Aerial Systems Program, \$500,000
 - UNLV Institute for Quantitative Health Sciences, \$2.5M
 - UNR Nevada Advanced Autonomous Systems Innovation Center, \$3M
 - UNLV International Gaming Institute, \$500,000
 - DRI Applied Innovation Center for Advanced Analytics, \$3M

1533 – Knowledge Fund



Nevada Center of Excellence (COE) Progress Dashboard

Goal	Current Result / Target date	
	04/28/15	04/28/16
Number of business and technical support hires	1 / 3	0 / 0
Number of businesses / technology conferences addressed	6 / 1	0 / 3
Number of businesses and other organizations contacted	115 / 100	0 / 150
Number of speaking engagements and published works	10 / 5	0 / 10
Number of training sessions for workforce development	0 / 2	0 / 0
Number of internships provided	0 / 1	0 / 1
Number of commercialization	4 / 2	0 / 1
Number of COE interdisciplinary collaborations formed	6 / 5	0 / 5
Amount of additional revenue generated through KF investment	\$20k / 0	0 / \$473k
Number of jobs created / saved	0 / 25	0 / 150
Growth in total industry sponsored research + TT revenue	tbd	tbd
Number of businesses relocating to NV due to COE	4 / 2	0 / 5

Goal achieved

Close to achieving goal

Goal not met

Too early to tell

n/a or target of zero