

ECONOMIC PERSPECTIVES



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Manufacturing Is Thriving in the Sierra Region



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Executive Director

Happy National Manufacturing Month to Nevada's over 1,800 manufacturers and their more than 47,000 employees!

Manufacturing is a key industry for both the Silver State and the Sierra Region, and it continues to grow in size and importance. The industry's growth is strong, accounting for about 3.3% of total jobs statewide. Approximately 40% of the state's manufacturing jobs are in northern Nevada, with Carson City remaining the state's densest manufacturing city, per capita.

There have been those who thought that manufacturing was going nowhere. With the ubiquity of information technology came the belief that the industrial era is over and a knowledge economy has taken its place. Federal data indicates that there was a decrease in industrial jobs from 10.5% of all nonfarm employment in 2005 to 8.5% today, which seems to support this premise. However, manufacturing continues to have a substantial economic influence, particularly on regional economies, based on a recent paper released by the Center for Opportunity Urbanism and authored by Michael Lind and Joel Kotkin. In "Renewing the Middle Class by Revitalizing Middle America," the authors state, "And while most jobs in the future will not be in manufacturing and other traditional industries, the industrial era itself has not ended. The information technology revolution is merely the latest phase of the evolving industrial economy, not the beginning of a post-industrial knowledge economy that does not rely on tangible industries."

Lind and Kotkin base this on the productivity gains of the industrial sector since 2001, which according to the U.S. Bureau of Labor Statistics are almost twice as much as the national economy-wide average. These gains have had a far greater multiplier effect on local job and wealth creation than just about any other sector. Further, the U.S. Bureau of Economic Analysis has found that every \$1.00 spent on manufacturing generates \$1.40 of economic activity. The manufacturing sector multiplier is far more impactful than those from the business services, information technology, retail trade, or financial services sectors.

Overall, Nevada is very attractive to manufacturers because of its business-friendly regulatory environment and favorable tax structure. Also, the Silver State has one of the lowest incorporation costs. Chief Executive's annual survey of over 600 CEOs grade each state based on taxation and regulation, workforce quality, and living environment. For 2016, Nevada ranked as number 9. The Silver State has been in the top 5 of the Tax Foundation State Business Tax Climate Index consistently from 2012-2017. Nevada is a right to work state, and ranks as having one of the lowest workers' compensation rates. There are also economic development incentives for business and workforce training.

In addition to the state's overall positive business attributes, the Sierra Region itself has much to offer manufacturers, and NNDANorthern Nevada Development Authority has experienced an uptick in inquiries over the past year. The attraction is often based on the successes of manufacturers already in the region and the desire to live, and eventually retire, here.

I have often said that the Sierra Region is a great place to live, work, and play. Professionals can conduct business in a pro-business region, own a house on a golf course in a beautiful area for much less than a tiny condo in a crowded city, and be within a one hour's drive of 18 world class ski resorts. There is easy access to beautiful Lake Tahoe and its amenities, as well as hunting, fishing, camping, kayaking, horseback riding, boating and other outdoor activities.

Let's get back to business. The Sierra Region has affordable commercial and industrial lease rates, as well as certified sites that are "near shovel ready" for building new facilities. There are economical utility rates for commercial operations with a robust power transmission infrastructure that includes a renewable mix.

The region is located in close proximity to major U.S. markets and deep-sea ports, with easy access to Nevada's multimodal infrastructure. This enables companies to gain quicker access to markets by rail, air, and roads, and reduce bottom-line costs. Eleven western states are within a single day's drive. More than 50 carriers and 65 trucking companies can reach 60 million consumers in a single day, and also offer transcontinental, fast-freight and van-line shipping to major markets that are within one or two-day truck transit range.

Finally, and most important of all, manufacturers require an available workforce with the contemporary/advanced manufacturing skills to meet their business objectives. In addition, they need a supporting technical education system who can provide training and certification for mechatronics, robotics, and industrial maintenance systems. Western Nevada College, which serves the entire region, already offers these programs and is focused on meeting workforce skills needed most by employers.

Join us on Wednesday, October 25, 2017 for the monthly NNDANorthern Nevada Development Authority breakfast from 7:00-8:30 am at the Carson Nugget. The featured speakers are Frank Woodbeck, Nevada System of Higher Education Vice Chancellor for Workforce Development and Bob Potts, Governor's Office of Economic Development Research Director. Frank will discuss workforce development for the region, and Bob will provide an update on the growth of the industry. Register today at www.nnda.org!



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