

THE VIRTUAL CROSSROADS

*Rory Reid's Vision for
the Future of Nevada*



THE VIRTUAL CROSSROADS:

RORY REID'S VISION FOR THE FUTURE OF NEVADA

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“At this crossroads in Nevada’s history, we need to look ahead and define the kind of state we want to be.”

“I am proposing a new vision for Nevada. This document offers a fundamentally new direction for our state. It is a new approach to economic development that captures the full potential of Nevada, and offers new leadership to take us there.”

– Rory Reid



A MESSAGE FROM RORY



Thank you for taking the time to look at this document and begin a conversation about Nevada's future.

I believe that it is the responsibility of those seeking public office to lay out a clear, honest plan for Nevada and to then follow it with the detailed steps we need to take. This framework is intended to take that first step: proposing a new direction for our state.

But it is only the first step. Over the course of the campaign I will provide the details of how we move Nevada forward in economic development, education, clean energy, and a host of other areas.

To develop these ideas, and those to come, I've traveled all over Nevada, talking with people about what's going on in their workplaces, schools, and neighborhoods. The conversation will continue.

I look forward to meeting you, hearing from you, and working with you over the coming months. There's a lot more to come and Nevada's future is bright.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rory Reid'. The signature is stylized with a large 'R' and a long horizontal stroke.



BIOGRAPHY



Rory Reid's story is Nevada through and through. He has lived in the north and the south, has family in the north and the south, grew up here, went to school here, raised his family here, and built a successful career devoted to public service here.

Raised in a middle-class Nevada neighborhood, Rory has a deep appreciation for the optimism and western spirit that define the people of Nevada. He understands the anxiety families are facing in these challenging economic times.

Rory ran for the Clark County Commission to clean up local government and address issues important to him, such as land conservation, creating economic opportunity for families, and bettering the lives of those most vulnerable in our society - children and seniors. After just two years of service, his leadership was recognized with his appointment as chairman, first in 2005 and again in 2007. During his tenure, Rory has been a champion of ethics reform, job creation and economic development, preserving green space, fiscal discipline, and quality, affordable health care.

Rory, 47, attended Doris Hancock Elementary and Cashman Middle School in Las Vegas, the Blue School in Carson City, and graduated from Clark High School in 1980. He went on to graduate from college with a degree in international relations and Spanish, and furthered his education in law school, graduating in 1987. Rory met his best friend and future bride, Cindy, during college. They married in 1987 and are raising three wonderful children – Ryan, 18, Savannah, 17, and Mason, 13.

Rory Reid – A lifelong Nevadan, with a plan to create jobs, a vision for Nevada's future, and a commitment to making every corner of our state a great place to live, work, and raise a family.



PART I: A NEW VISION FOR NEVADA

INTRODUCTION

Nevada stands at a virtual crossroads.

We face some of the most daunting days in our state's history: The second-highest unemployment rate in the country,¹ the highest home foreclosure rate,² a \$2 billion state budget shortfall, and for the first time in a decade, more people are moving out than moving in.

We face difficult choices about the kind of future we want and the road we will take to get there. Some believe that we can continue on our traditional path – a narrow economic base dependent on cycles of boom and bust that, when it works, puts people to work with their hands, and, when it doesn't, sends them packing. We have a state government built for the 19th Century and happy to stay there, looking no further ahead than yesterday, squandering what we have today, and failing to invest in tomorrow.

As I've traveled the state in recent months talking with people about the future of Nevada, the words of a young woman in Reno brought it all home for me. It was at a house party and at the end I was taking questions from the group. This young woman stood up and said, "My question is a simple one: I'm from Nevada, went to school here, and am thinking about a future here. Given all the problems facing our state, I'm wondering if it even makes sense to stay. Why should I make my home and raise my own family in Nevada?" I think that's the question that the next governor needs to answer.

My answer is simple: I see a different road ahead for Nevada. We don't have to continue to rely on an economy and a state government based primarily on hospitality: When the good times roll around the world, they come rolling in to Nevada – but when there's a global economic slowdown, we come to a stop. Tourism will always be a large part of our economy and identity, but we need to broaden that economy and enlarge that identity to include new industries and businesses that have the potential for greater growth and higher-paying jobs in the 21st Century. We must invest in our schools and universities. But we cannot without a thriving economy.

We need to solve the reoccurring budget mess in Carson City to make Nevada a more attractive place to grow or move a business. But ultimately, we're not going to end the state's fiscal problems, either, unless we build a broader economy. So we must set off in that direction



and not stop until we have a 21st Century economy that provides opportunity for every Nevadan. We have a unique opportunity to make Nevada a center for 21st Century industries – but only if we seize the moment and act intelligently to help build them here.

We therefore face a stark choice between continuing down the same path we have always traveled – which got us into this mess – or striking out in a bold new direction, which promises greater gains in the long term.

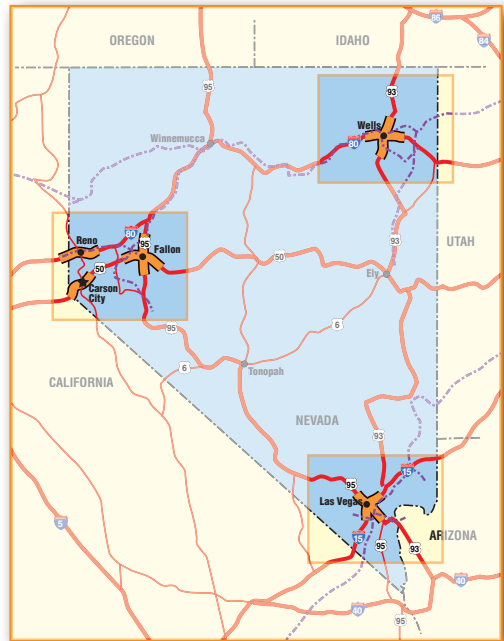
THE VIRTUAL CROSSROADS

That is one reason why I say that Nevada stands at a virtual crossroads – and that is our great challenge. But there is another reason we're at a crossroads – and it is our great opportunity:

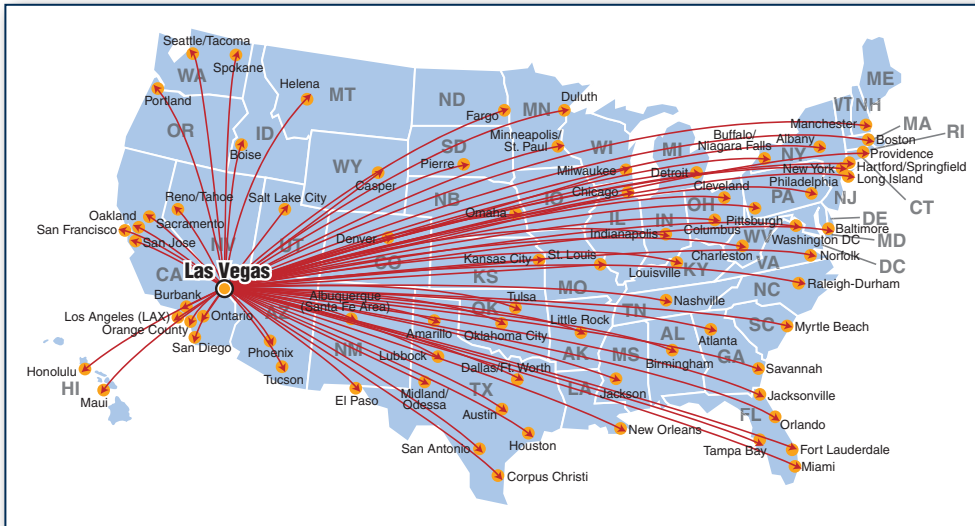
Nevada today is the crossroads of everything that embodies the New Economy – a virtual crossroads of the global marketplace for goods, for services, for people, for ideas, and for information.

The emerging 21st Century economy centers on many interconnected developments that set it apart from the past:

- ✓ It will be about “virtual economies” – data and information instead of just goods and services, and, in the case of goods and people, moving them in and out as quickly as possible, serving as a “trans-shipment” point for their global movement.
- ✓ It will be about 24/7 service – having your eyes open and your phone lines up when it's the business day in New York and London, but also in Singapore and Beijing and Berlin. Time and distance won't matter – at least, for those who will be able to “go virtual,” any time, anywhere.
- ✓ It will be about quality-of-life – business executives and “knowledge workers” who can be “virtually anywhere, anytime” choose to live and work in those places that offer the best combination of connectivity to the rest of the world and quality-of-life in place – including not just man-made amenities but also their absence: a pristine natural environment.



X Marks the Spot: Nevada as crossroads - literally (shipping routes)



X Marks the Spot: Nevada as crossroads - figuratively (air links)

- ✓ And it therefore will also be about leaving a smaller “footprint” on the globe – through cleaner energy and sustainable alternatives.

Nevada is uniquely positioned to take advantage of each of these factors and to become the Virtual Crossroads of the 21st Century.

Throughout history, the crossroads has been an important concept and a powerful location: It’s what brought people together in one spot and connected them to faraway places. It became the focal point of settlement, commerce, and even legend.

Being “at the crossroads” has even come to represent the moment of fundamental decision. Nevada stands at such a point of fundamental decision today. But we are also fortunate to sit, literally, at the juncture of many roads – and to sit, metaphorically, at the juncture of global trends.

LOGISTICS AND SHIPPING

Nevada is already a major crossing-point for east-west and north-south shipping lanes, which form a big “X” on a map of our state – and for air links, as well, for which we have become a major hub joining the four corners of the country.

Nevada should be a center for logistics and the trans-shipment of goods – a leading growth sector in the new global economy, providing high-paying blue- and white-collar jobs.

As the Center for Logistics Management at the University of Nevada, Reno, says: “Logistics Management is that part of Supply Chain Management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services and related



information between the point of origin and the point of consumption in order to meet customers' requirements."

Transportation, shipping, and logistics industries produce high-wage, high-growth jobs – and logistics especially is projected to be among the biggest growth-industries of the 21st Century. As a gateway to West Coast markets, and easy transportation access by truck, rail, and air, Nevada is a natural location for shipping and distribution. With the potential for a new airport and the APEX distribution center, both near intermodal access to rail and interstate highway links, we have the opportunity to become even more of a center for these industries.

And as one of the nation's leading logistics, warehousing, and distribution centers, Reno in particular possesses an ongoing and growing need for professionals trained in the areas of logistics, distribution, warehousing, transportation, and manufacturing. That's why logistics professionals from northern Nevada and UNR, created the Center for Logistics Management to provide classroom study and hands-on training in distribution, manufacturing, warehousing, purchasing, and marketing. The Center is one of the nation's thought leaders on "Reverse Logistics" – a growing part of the logistics industry that focuses on the "backwards" flow of goods, from consumers back to manufacturers and suppliers. This traditionally concerns the issue of "returns" of defective products, but increasingly will include the recycling of products. The Center has also launched the Sustainable Supply Chain Project to identify characteristics of supply chains that will last beyond this generation and work together for the good of the consumer, the environment, and the firms themselves for the long term.



In recent years, Nevada has added jobs to form a high-wage, growth industry cluster. We need to expand this industry throughout our state.

Currently, there is no single international hub that combines logistics, shipping, warehousing, and distribution capabilities. But when you consider Nevada's current advantages, it's clear that Nevada could become one of the leading trans-shipment centers of North America with smart planning and implementation.

Most importantly, the idea of becoming a trans-shipment center illustrates the concept of Nevada as a virtual crossroads. It's one thing to be a destination – where people and goods are constantly arriving, staying and producing. It's another to be a place that people and things pass through as quickly and efficiently as possible on their way to and from other places. Global commerce may happen in Nevada, but it doesn't stay in Nevada – the physical presence here is brief, but in that short time we add value and derive revenue. This is something at which our hospitality industry has long excelled. We can capitalize on the same concept when it comes to goods and products.



BETTER FOR BUSINESS

One place to start is a model the state of Delaware pioneered more than a century ago in positioning itself as the incorporation capital of the world.

The majority of the world's leading corporations have long made Delaware home, at least on paper (or, today, magnetic digits). By providing a better-quality service to business, Delaware became the “virtual” home of the paper economy of modern capitalism. Businesses come from around the world to buy Delaware's stable and efficient adjudication of corporate issues, from which the state earns considerable revenue in return, both in the public and private sectors. The financial services sector, which largely results from this corporate legal activity, makes up 43 percent³ of the state's economy and demand for office space in Wilmington is traditionally higher than most other cities.

Nevada's incorporation laws make us a potential global corporate center like Delaware – the “virtual” home of countless enterprises, generating large economic returns on a small “footprint.”

No state in the union has more business-friendly incorporation statutes than the state of Nevada. More than 5,000 corporations form in Nevada each year. We need to look at using our incorporation statutes more strategically to develop and grow Nevada industries and jobs by making our state the “virtual” home of more global trade and business.

A TECHNOLOGY HUB

The area in which modern commerce has become most truly “virtual” has been in communications and information technology. And what a change it's been. In my lifetime, communication in Nevada has gone from ten families sharing a party line to teenagers text messaging as they walk to school. Information technology has revolutionized the way we live and do business. Since the mid-1990's, IT has been the principal driver of increasing economic growth.⁴ Nevada is now a unique crossroads of the IT world and has a competitive advantage in the data storage business. These are companies that save and warehouse electronic data.

There is no safer place in the country to store data: No hurricanes, no tornadoes, and no active fault lines.

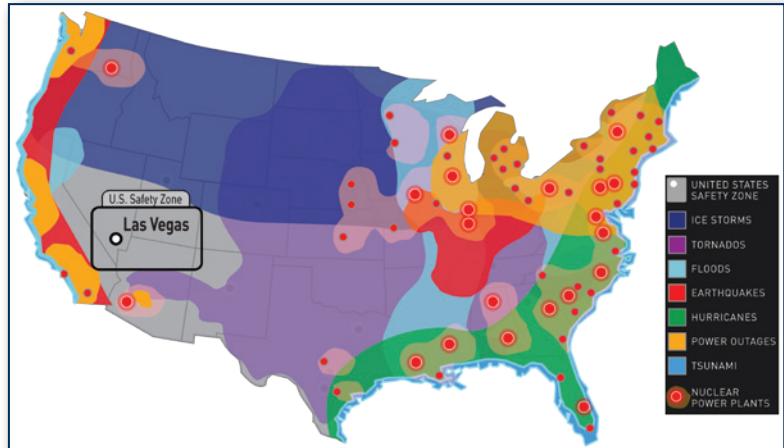
Our secure location provides many potential sites for investment in data centers and I intend

Did you know...

One Nevada company
– Switch/NAP – has developed
new technologies that allow it
to be the largest concentration
of computer servers at the
lowest cost, and with the
lowest energy consumption, of
any location in the entire world.



to aggressively pursue that industry. Our secure environment makes us a logical choice to serve as the back-up headquarters for corporations based on the West Coast. After 9/11, corporations started planning



United States Disaster Avoidance Map

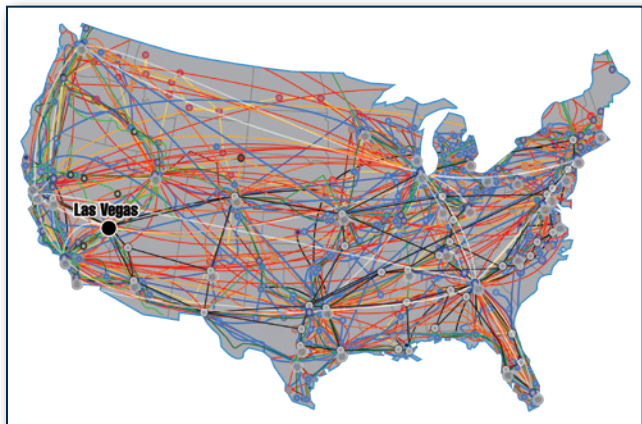
for disasters. We could store a company's electronic records and systems so that, in case of an emergency, the business could relocate here and with one flip of a switch be fully operational again. The vast potential for security and solar energy in Nye County, for instance – between Yucca Mountain and the Nevada Test Site – along with their proximity to the IT resources in Las Vegas, could support such data centers and back-up operations. We have the chance to see new opportunities where before we have seen challenges.

In fact, as we build this capacity, we can make Nevada the IT closet for every company in America.

Why not move any company's entire IT division to a place that is safe, secure, can increase the speed of transactions, and lower costs? Nevada can do it better than any other state.

Because – and most folks don't realize this – Nevada represents the true crossroads of the digital world, in that we sit at the greatest confluence of high-speed data fiber in the world. Twenty-six national carriers run broadband fiber that meets in Nevada. We are connected to Los Angeles, Seattle, Salt Lake City and Phoenix.

We're also connected to seven of the world's Tier 1 networks. We have the opportunity to bring northern Nevada into this mix and connect our state along existing rail right-of-way through Reno to Silicon Valley.



United States Network Connectivity Map



Our digital capacity also makes us a natural fit for the digital media and movie industry.

At one time, Hollywood was the sole location to shoot and produce movies. Not any more. Anyplace with the Internet capacity to handle large amounts of data can also edit footage and produce sound and special effects that can all be sent to Hollywood digitally. And the same digital programmers that create movies can also create video games – one of the fastest growing segments of digital media.

What does all this mean for Nevada? It means that we are, in fact, the world's virtual crossroads:

- ✓ It means that we have a unique infrastructure that would cost billions of dollars and decades to replicate.
- ✓ It means that we can offer lower prices and higher speeds to any company who depends on those factors to drive their business model, allowing us to bring in more Internet-based companies that represent the economy and jobs of the future.

VIRTUALLY ANYTIME, VIRTUALLY ANYWHERE

Internet retailer Zappos.com, for instance, moved its corporate headquarters here in 2004 with the vision that 30 percent of all retail sales will someday be on the Internet and a mission to provide the best online service of any company. The company now sells shoes, clothing, and accessories from a call center here in Nevada, with sales totaling \$1 billion. When Zappos moved here, it had about 75 employees; today, it employs about 700. They have found a workforce here that knows how to work with computers, in a city that can do business around the world because our doors are open around the clock.

Call center jobs – particularly in the IT industry – have flourished in recent years in such places as India and the Philippines. Why? In part because these places have produced relatively well-educated workforces. In part because they speak English. And in large part because the time differences mean that workers can be available during the normal workday to service American consumers even late at night. Technology makes it possible to service people any time, anywhere – and demand makes it essential to do so. As the Michael Douglas character Gordon Gekko famously explained in relating why he was up at all hours of the day and night monitoring global markets, “Money never sleeps.”

In today's round-the-clock global economy, the advantage goes to places that can mobilize



a round-the-clock workforce, as well. New York City has long prided itself on “the city that never sleeps” – but there are few other such cities with the potential for global interface in the United States. Nevada happens to have possibly the only other.

Nevada is, in fact, already a global, 24-hour location. People visit us daily from all over the world – about 40 million visitors a year. And 15 percent of those – a population that, by itself, would be practically the largest city in the U.S. – come from abroad.

These global transportation and information links connect us to anyplace in the world, anytime. McCarran International Airport provides direct air links to Vancouver, Montreal, London, Paris, Sao Paolo, and Seoul. Reno’s logistics industry moves goods around the world.

THE DIMINISHING FOOTPRINT

In today’s economy, what growth industries need and what corporate executives want has changed from simply lower-cost locations – such as those with low labor costs, minimal taxes, or even subsidies for their operations from local taxpayers – to higher-value locations. The increased value sought by higher-growth, higher-wage industries includes such business inputs as infrastructure, world-class workforce, and research and knowledge-generating institutions like first-rate universities. But it also includes amenities that make a region a desirable place for high-income and highly educated workers to live, work, and play – ranging from world-class cultural and sporting offerings to open space and parks, to recreational areas and wilderness.

	Industrial Recruiting: 1950’s to Early 1980’s	Cost Competition: Early 1980’s to early 1990’s	Regional Competitiveness: Early 1990’s to Present
Driver	Export Base	Scale economics	Innovation and Entrepreneurship
Strategies	Financial incentives to firms Industrial Parks	Industry consolidation and cost-cutting deregulation	Entrepreneurship Clusters Commercializing Research
Keys to Success	Government funds for subsidies and tax breaks Industrial Infrastructure	Health of existing industries	Distinct regional assets, such as: Human Capital Higher Education Amenities

Source: Federal Reserve Bank of Kansas City, “A Review of the Federal Role in Regional Economic Development,” 2005.

Increasingly, as just discussed, business leaders and the workers they most desire can be “virtually anywhere, anytime.” To make Nevada a place where they will choose to live and work means that we need not only to give them 24/7 access to everywhere else – we need Nevada to be the most attractive place in the world for them to be.

As a lifelong Nevadan, I believe you can’t beat our quality of life. We have world-class



entertainment and strong local communities. We have tech and glitz. We have wildlife and wide open spaces. We have the most cosmopolitan venues – and deeply-rooted family values.

More and more, the economic and the environmental are coinciding. Businesses and their employees are looking for places with a high quality-of-life – and that includes the great outdoors. In Nevada we have that in abundance. But businesses are also recognizing that preserving the environment is an important business value: Waste is uneconomical, and reducing waste and unnecessary use of natural resources can help a company's bottom line. Climate change threatens global shipping patterns, real estate investments, food production, and risk-management. Multiple industries are recognizing their purely financial interest in slowing climate change and other forms of environmental degradation. And all Americans increasingly recognize the importance of reducing our dependence on foreign oil – not just as an environmental matter, but also as an issue of national security and financial reality. For all of these reasons, regions that can combine the highest quality-of-life with the lowest “environmental footprint” will attract the industries and businesses of the future, and hold the greatest competitive promise in the 21st Century.

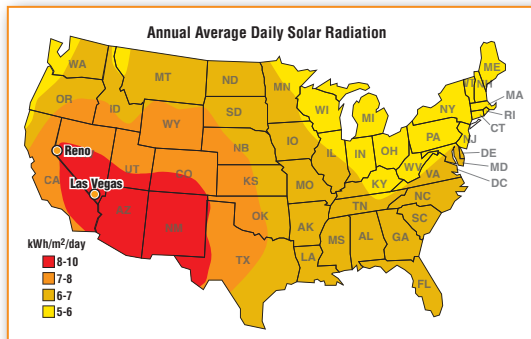
Nevada can and should be such a global center of clean and sustainable economic growth.

We have tremendous alternative energy opportunities. We need to make them realities. Fifty-three percent of Nevada's electricity comes from coal. None of it is mined in Nevada. Our state's major utility purchases about a third of its power from sources out of state. Why are we buying someone else's resources instead of using our own? Nevada has not been silent in the conversation about renewable energy. We have a respectable goal to make 25 percent of the energy we consume green energy by 2025. But if we are going to meet this goal, it is time to stop talking and start doing. The 2009 Nevada Legislature took big steps in laying the foundation for development of renewable energy in Nevada. It created stronger incentives for renewable developers and instituted a “green jobs” training program. But there is much more to be done. For instance, Nevada needs to work with the Federal Energy Regulatory Commission to integrate new transmission into a “green grid” that will allow the state to export renewable energy and make Nevada the center for renewable production in the West.

SOLAR

Nevada has one of the highest concentrations of solar potential in the United States.

The Boulder City plan for solar facilities is proof that we have viable resources. Yet in the five years we have been talking about our potential, California



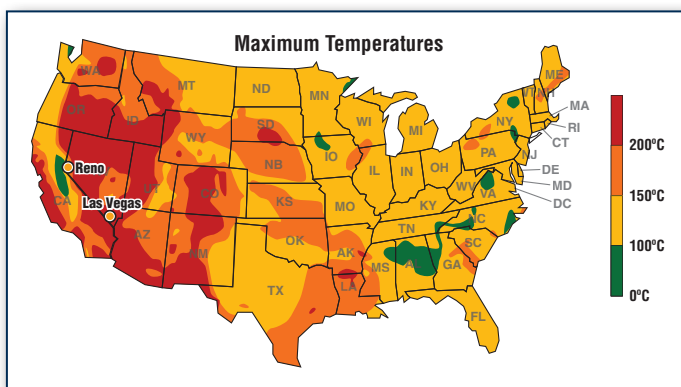
has developed solar energy and is producing 557 gigawatt hours of solar power a year. By comparison, we have developed 44 gigawatt hours. California has a dozen solar power plants. Nevada has only one privately developed plant. Critics of the solar power industry argue that all we stand to gain from the industry is more short-term construction jobs. Frankly, I would love to see some new construction jobs. Let's identify the roadblocks in the permitting process, with the availability of federal land, or with investors, and find the solutions we need to get our solar industry up and going.

WIND

Central and Northern Nevada have substantial resources for wind development. Two plants are currently under development. But today we have not one operational wind power plant in the state. The wind energy industry invested \$16.4 billion in building new systems in the United States last year alone.⁵ The federal government has a goal of 20 percent wind energy by 2030. In order to accomplish this, Nevada would need to be producing 5 to 10 gigawatts of wind power. Today we are producing none. The development of wind energy farms and plants across the country will create a demand for equipment. If only 60 percent of the blades, towers, and turbines used in these facilities are manufactured in the United States, Nevada could conservatively add from 1,000 to 5,000 manufacturing jobs over the next 20 years. New, good-paying manufacturing jobs would be a great start to diversifying our economy.

GEOHERMAL

Although geothermal power is not new to Nevada, it is a very important part of the green economy and a precious natural resource. We should support this industry and help it grow. Nevada is second only to



California in the amount of geothermal energy we produce on an annual basis. We have nine geothermal power plants at work today with another four under development. But California has 43 geothermal plants which supply about 4 percent of the state's power.

POWER POTENTIAL

None of these energy sources addresses one of our major consumers of energy: the automobile. We all know that cars are a contributor to global warming. So it should be no surprise that



within the next decade, the world will create a market for cleaner-burning, more efficient cars. Nevada has the assets to be very competitive in this blossoming industry. Nevada is rich in lithium carbonate, an element essential to making the cell phones and iPods we carry in our pockets. The green revolution could make lithium one of the planet's most strategic commodities. Lithium batteries will power the next generation of electric vehicles soon to enter the mass market.

Between 2003 and 2007, the battery industry doubled its consumption of lithium carbonate. This demand for lithium will create new mining jobs in rural Esmeralda County and provide Nevada a foothold in developing new energy efficient battery technologies. The demand is projected to skyrocket as automakers strive to meet the world demand for electric cars. The market for these clean car technologies is being driven by our neighbors in California, which has mandated reductions in greenhouse gas emissions from vehicles. As a result, some industry estimates project that up to 1.5 million vehicles will need to be retrofitted by 2011 – another opportunity for Nevada to work at another intersection of emerging, green technologies. We can produce the solar energy that powers clean cars, and then we can produce the batteries needed to store it.

It's one thing to have all these natural assets, as we do. But we also need the intellectual assets to capitalize on them. One such asset, which is vitally important to further innovation in technology, is the Desert Research Institute. For 50 years, DRI has taken scientific resources at UNLV and found solutions for the environment. Today it houses a renewable energy center specializing in helping companies to test and improve new technologies. Nevada's universities also are partnering with the University of California at Berkley to develop an Alternative Fuels Research Corridor along I-80. The idea is to use this 240-mile stretch to test Zero Emission Vehicles (ZEVs) under varied conditions. This is the kind of climate needed to enhance and accelerate the research and development of new technologies in both California and Nevada, while creating the infrastructure for an emerging zero emission vehicle industry in Northern Nevada. We need to be investing in more of these efforts and this kind of intellectual capital in order to make Nevada a center of these emerging green industries.

Nevada can become a center of the 21st Century economy. We can make Nevada a virtual world leader. But first we need real leadership. Right now our state is failing to live up to its potential.

- ✓ In August 2009, Nevada recorded an increased unemployment rate for the eighth month in a row, leaving us with the second-highest unemployment rate in the country.
- ✓ Just five years ago, employment growth in Nevada was more than five times the national rate of growth; today, Nevada employment has fallen by nearly 6 percent, far in excess of the 3.7 percent job loss nationwide.
- ✓ Only 41 percent of our children are enrolled in preschool, leaving us dead last in the



nation for the percentage of students starting their education on the right foot.

- ✓ Only 23 percent of our 8th graders are proficient in math, only 21 percent are proficient in writing, and only 19 percent are proficient in science.
- ✓ Only 31 percent of our young adults are enrolled in college, ranking us next-to-last among all states.
- ✓ And Nevada has the worst high school drop-out rate in the country.

I've laid out here my vision of where Nevada can go. Now let me outline my plan for how we get there.



“Creating jobs should be job number one for every public servant today. But along with immediate job creation, Nevada needs a long-term plan to create good jobs in growing industries that will make us a leader in the 21st Century.”

— Rory Reid





PART II: TAKING ACTION

CREATING JOBS ASAP

We must take immediate steps to get our economy on the road to recovery and put people back to work. Nevada can no longer afford the price of inaction. We must extend a lifeline to the small businesses, help families make ends meet, and prioritize projects with long-term benefits.

As Governor, I will take immediate steps such as:

- ✓ ***Boosting access to capital for struggling small businesses and new start-ups*** by providing capital and loan guarantees for banks. We must work with the financial community to leverage private-sector resources to help Nevada-based businesses facing credit or cash flow challenges.
- ✓ ***Further expanding partnerships with our community colleges, vocational-technical schools, and high schools – as well as private business and our labor community – to develop a green workforce for Nevada.*** That workforce will be educated and trained to modernize Nevada's commercial, industrial, and residential buildings and to design and manufacture specialized green technologies. Nevada has a head start on developing these programs thanks to state legislation mandating the development of weatherization and energy retrofit training programs. These should be a starting place for a comprehensive workforce system that trains workers for the new economy. We will ensure that new workforce entrants, as well as those who are changing careers, receive job counseling, placement help, and ongoing assistance.
- ✓ ***Prioritize capital spending on immediate job-creating projects.*** Nevada needs to start attracting every possible federal dollar and leveraging innovative financing streams to allow us to begin laying the foundations for a stronger economy through smarter transit, energy infrastructure, greener buildings.

I will lay out my detailed program for job creation in my economic plan, which I will release later in this campaign.



WHAT WE NEED TO SUCCEED IN THE LONG TERM

In order to build the kind of economy that I envision, first we need state government to get its act together.

When our state legislature returns in 2011, it almost certainly will face greater challenges than we did in 2009. This year's budget cut about \$1 billion in state spending, increased revenues by about the same amount, and used \$1.5 billion in federal stimulus dollars to shore up our education and social services budgets. In 2011, nobody expects the economy to be significantly better, but there will be no \$1.5 billion in federal stimulus money. Most of the tax hikes adopted to fund this year's budget will expire. That puts us back in the same hole once again.

That's why, as Governor, I will:

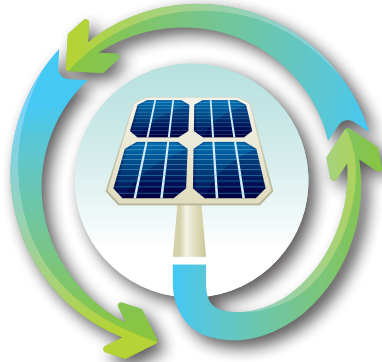
- ✓ ***Require long-term capital and infrastructure plans based on a vision of Nevada's future.*** In Nevada, our local governments are required to develop long-term plans for financing services and building needed infrastructure, but state government is not. It's time for a local leader to go to Carson City and show them how it's done.
- ✓ ***Order a comprehensive performance review to cut unneeded government spending.*** Colorado and New Mexico, and our neighbors Arizona and even California, have all undertaken comprehensive performance reviews in the last several years. New Mexico cut 3 percent out of its non-education general fund budget – roughly \$100 million a year. Colorado projects it is saving \$250 million over five years. And Arizona's efficiency review claims savings of \$1.2 billion. We can do the same here in Nevada. The current governor tried to solve his problems with reckless across-the-board cuts, while in local government we cut our budgets responsibly and improved our efficiency. They could use a little more of that in the governor's office.
- ✓ ***Ensure that our tax system is pro-job creation.*** Right now, Nevada's tax system isn't geared to Nevada's future needs. For instance, we tax businesses on their payrolls – in other words, on job creation. In contrast, Colorado Governor Bill Ritter recently proposed to give a tax credit to businesses that create at least 20 new jobs; the credit would be for up to 50 percent of a qualifying firm's annual payroll taxes for its new employees and would last for five years. Because it's tied to the payroll tax, this credit gets bigger the more new jobs a company creates – and the more it pays each worker. Nevada similarly needs to examine making its tax system more pro-job.
- ✓ ***Fix our fiscal problems for the long term by broadening our economy in the ways I outlined earlier.***

I will lay out my detailed program for streamlining state government in my government performance plan, which I will release later in this campaign.



DEVELOPING OUR CLEAN ENERGY RESOURCES

It's time for us to stop talking about alternative energy and start producing it. State government must stop simply paying lip service and offer some actual incentives to the companies, cooperatives, and individuals who want to start producing renewable energy. As Governor, I will:



- ✓ ***Offer incentives to attract clean energy manufacturing companies.*** I will build on the foundation the state legislature has laid to create incentives for manufacturers that wish to develop or expand facilities to make products associated with clean electricity generation, more efficient use of electricity, grid-connected electricity storage, and power generation through agriculture businesses (including anaerobic generation, biogas, solar, or wind).
- ✓ ***Make state government lead by example on sustainable building practices and energy efficiency and require major new private-sector buildings to do the same*** – by incorporating at least one renewable generation technology, be designed for renewable power (e.g., south facing orientation, pre-wired for solar or wind, etc.), or be built to LEED Silver standards or higher.
- ✓ ***Improve the state's energy-related economic development incentives*** with expanded net-metering; sales tax exemptions on the purchase of new commercial and industrial solar, geothermal, and combined heat and power equipment; and a Clean Energy Business Growth and Development Grants Program.
- ✓ ***Capitalize a Nevada Energy Independence Fund to establish Nevada's leadership in clean technology investments.***

I will lay out my detailed program for boosting alternative energy production in Nevada in my energy plan, which I will release later in this campaign.

PROMOTING ENTREPRENEURSHIP

We need to encourage cutting edge start-ups and high-tech businesses that will form the backbone of the 21st Century economy to locate in Nevada.

I see Nevada's future in a wide range of small businesses in fields from Internet retailing to data warehousing, from server support to new media.

In order to be attractive to new companies and the entrepreneurs who start them, we must



have basic assets they need to be successful. Our business-friendly climate and straightforward tax system are great assets to new business development, but we must also create an environment that encourages innovation, entrepreneurship, and the availability of start-up capital. Sufficient funding at every level, from the smallest loans to start-up business to institutional venture capital, must be available and accessible. Many first time entrepreneurs find it almost impossible to borrow the money they need to start a business.

As Governor, I will:

- ✓ ***Create a Nevada Innovation Incentive Fund to invest in world-class research institutions to facilitate the growth of new high-tech industry clusters.***
- ✓ ***Create a Nevada Capital Investment Corporation to invest in venture capital projects agreeing to establish a presence in Nevada and actively seek investments in Nevada.*** The state of Iowa launched a similar effort, the Iowa Fund of Funds, in 2002. Thus far, the Iowa Fund's \$28 million in commitments has attracted six venture funds with over \$570 million in venture investing capacity to the state.
- ✓ ***Encourage micro-lending to make capital available to businesses that do not have access to the traditional commercial banking sector.*** These lenders traditionally provide loans to businesses with less than five employees who have been turned down by a traditional bank. The state of New Mexico has made over \$20 million available to micro-lenders and other small business financing organizations over the last five years.
- ✓ ***Establish a Research Commercialization Matching Grant Program to assist small or startup companies that take advantage of federal and state partnerships to accelerate their growth and market penetration.***

I will lay out my detailed program for encouraging entrepreneurship and new business in Nevada in my economic plan, which I will release later in this campaign.

EDUCATION, OUR FOUNDATION FOR SUCCESS

The best companies need locations with great education systems and skilled workers – even over those with low taxes. It is clear that in addition to investing in businesses, we must invest in the human capital needed to support the companies we want to grow. Within the next 10 to 15 years, nearly two-thirds of all jobs will require some post-secondary education. Nevada will need to increase the number of four-year degree and associates degree holders and certificate holders simply to keep pace with changing knowledge and skill demands required by employers. In order to attract companies and grow our economy, we must focus workforce development on industries that represent our future, increase education and training opportunities, and modernize our approach to developing a skilled workforce.



As Governor, I will:

- ✓ ***Make our schools the first thing we fund in state government – not the last.*** We need to provide full funding for the amount objectively required to provide an quality education to every student in the state, and require that amount to be set aside in the budget before any other funding decisions are made.
- ✓ ***Set the highest standards – and demanded the highest results.*** We must give teachers and principals the authority to innovate and educate to their best of their abilities – and then we'll hold them accountable for their performance.
- ✓ ***Identify those industries that will grow in Nevada over the next decade and make training available to students of all ages to pursue those fields.***
- ✓ ***Make our universities among the best places in the nation to study and learn, to innovate and invent.*** We need a state government that makes attracting and retaining the best minds and the most cutting-edge technology a fundamental state policy.

As Nevada moves forward, our universities will need to create new technology businesses. The most critical elements in developing new start-up companies are research and development institutions. The anchors of fast-growing, technology-oriented economies are major research universities interacting with a robust technology private sector. A study of growing companies in Seattle found that 70 percent of the companies had a “direct, active role in the operation of the University of Washington.”

Our universities can and should be economic drivers. As Governor, I will reward Nevada universities for technology transfer and commercialization programs that move innovations from Nevada universities into the marketplace. I will encourage technology transfer from our research institutions to create new companies and new jobs.

As Governor, I will:

- ✓ ***Launch a Technology Development Corporation.*** A Technology Development Corporation is a state entity charged with facilitating the transfer and commercialization of technology from research universities into the marketplace and to assist in the creation and growth of technology-based businesses in all regions of the state. A Technology Development Corporation can: provide grants to small businesses, support business incubators, assist

Did you know...

A study conducted for BankBoston assessing the impact of MIT on the economy of Massachusetts and the nation found that if the companies founded by MIT graduates formed an independent nation, the revenues produced by the companies would make that nation the 24th largest economy in the world. The 4,000 MIT-related companies employ 1.1 million people and have annual world sales of \$232 billion.



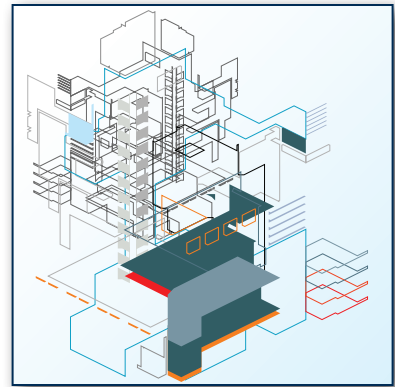
businesses applying for research grants, and aid rural technology-based businesses.

- ✓ ***Forge partnerships between our university faculty and private industry to pursue entrepreneurial ventures and commercialize research results.*** On the university side, this would include: increased sabbatical leaves, adequate time for outside consulting and start-up assistance, referral services, advisory services, and office and lab space for faculty entrepreneurs.

I will lay out my detailed program for our schools and universities in my education plan, which I will release later in this campaign.

BUILDING INFRASTRUCTURE

We must make key investments in the infrastructure we will need to build global connections. Targeted investments in infrastructure must be a part of the Nevada's plan to build the economy of the 21st Century. To those who say we cannot afford new investments, I say we cannot afford not to build the backbone for our future. We must be creative with our resources and form the public-private partnerships needed to build a high-speed rail link to California and to ensure that every community and household in Nevada has access to high-speed broadband.



The ability to move people and goods is among the most pressing issues to keep cities, regions, and countries economically competitive.

It is clear that high-speed rail is the future of transportation in our country. Being included will bring us new opportunities, new people, and keep us at the crossroads of growth. I see Nevada's inclusion in one of the nation's five designated high-speed rail corridors as an opportunity to move our economy forward while at the same time, minimizing the impact on our natural resources and the environment.

The ability to move and exchange information will also be critical to being part of the New Economy.

Digital inclusion is vital to individuals and families – so children can access the Internet to do their homework, parents can access health care and job information, and most importantly to our economy so that the small businesses can expand their markets globally. The Internet is our link to sell our products and services to customers in Thailand or Scotland. Not only does every business and household across the state need to have the opportunity to connect, we also need to have access to advanced services and higher speeds that allow us access to the data we

need. Finally, we need it at a price that individuals and small businesses can afford. We know Las Vegas and Reno have outstanding connectivity. What we need is this same opportunity for every corner and region of the state. Nevada needs leadership to understand broadband coverage, look at options to provide better services, and finally, actively build the partnerships we need to give everyone access to the most advanced high-speed Internet services.

As Governor, I will:

- ✓ ***Convene a “Nevada Rails-to-Recovery Summit” to bring together transportation, economic development, environmental, and community representatives*** to review our current plans and make sure that we are taking full advantage of the many economic benefits offered by expanded rail service – not just high-speed rail, but also conventional passenger rail and freight service. My administration will review the recommendations from this summit and will work with state agency heads and the legislature to pursue them. Our rail corridors are an economic development resource that we have only begun to tap. I will work to capitalize on every opportunity for economic growth in this area.
- ✓ ***Provide a variety of transportation choices.*** From high-speed intrastate rail to neighborhood biking and walking paths, more transportation choices improve our quality of life. Public transportation should not be limited to our cities. Rural areas also have a right to public transportation options both within their communities and to connect them to medical specialists and other services that are not accessible in their communities.
- ✓ ***Set concrete goals for broadband coverage and have a plan to reach those goals.*** The California Broadband Task Force has a proactive approach to understanding which areas in the state are underserved and finding mechanisms to make broadband available. Nevada should do the same.
- ✓ ***Make broadband access the business of the Nevada Economic Development Commission and deploy a Rural Broadband Project to identify and connect individuals in rural communities around the state*** who want and need greater broadband service so they can negotiate with rate providers. The state of Vermont has pioneered a process to identify rural broadband users and new businesses that need better access in order to flourish.



I will lay out my detailed program for transportation and communications in my infrastructure plan, which I will release later in this campaign.



QUALITY OF LIFE

We must preserve our unique quality of life as an important part of building our future economy. We want Nevada to be, as Bill Gates describes it, “a place where talent really enjoys coming there, and working there, and raising their kids in that location.”⁶ Although Nevada has some great places, we need to do a better job of preserving, promoting, and creating environments that are attractive to the workforce of the future.

We must make every community in Nevada a safe and sought-after place to live, work, learn, play, and raise a family.

As Governor, I will:

- ✓ ***Capitalize on our natural resources to produce sustainable, “value-added” economic opportunities.*** From Great Basin National Park to Lake Tahoe, Nevada has some of the greatest places to explore in the country. We not only need to do a better job of preserving places because they are special to us – we need to treat them as key components of our economic development strategy. They will help attract the workforce of the future and are important for the development of sustainable local economies in some of the most rural and remote parts of the state. Preserving habitats of our abundant wildlife is important for our ecosystem – but it also creates economic opportunity for hunting and fishing guides, supply stores, and local restaurants and hotels. North Dakota farmers increased their incomes by about \$20,000 each by allowing access to their lands as “prime hunting spots.” There’s no reason Nevada can’t similarly expand both its natural and economic resources.
- ✓ ***Focus on business development in rural Nevada.*** When I say state government should help expand small businesses, that means not just digital media startups but also small businesses that provide tours and opportunities for people to rappel down a canyon wall, cross country ski across a state park, or ride a horse into the Nevada sunset. Rural business is small business, and that’s who my plan will help. In fact, much of the potential growth from Nevada as the New Economy’s crossroads – particularly the focus on warehousing, distribution and logistics, as well as much of the alternative energy production and distribution – will be centered specifically on rural Nevada.
- ✓ ***Ensure that development preserves our quality of life.*** We should put our resources toward improving existing infrastructure before we start spending dollars to extend a road or build new sewer and water systems.

I will lay out my detailed program for preserving our quality of life and promoting the rural parts of our state in my plan for a Greater Nevada, which I will release later in this campaign.



CONCLUSION

I believe Nevada's future is bright. I believe Nevada has more potential than any other state in America, and it's time we set out a new vision for what our state could be.

This is the first step in that direction: It's my vision for Nevada. It's a framework for the steps we need to take to move Nevada forward. In the weeks and months ahead, I will be providing the detailed map I will follow in moving along this bold new path – concrete plans that expand on ideas I have sketched above for making state government work better, for laying out the infrastructure we need in the 21st Century, for encouraging clean energy development, for attracting cutting-edge businesses in high-growth industries, for preserving and promoting our quality of life, and for making the most important investment in our future that we can possibly make: educating and caring for our children.

But most of all, all of this means we need leadership – leadership with a vision, a plan for making that vision a reality, and the experience and know-how to get it done. And that has to start with the Governor.

Nevada is at a crossroads. We can continue along the same path. Or we can strike out in a new direction. I am offering Nevada a clear vision, and a clear choice. As Governor I will lead us in that new direction. I hope you will join me.



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