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Nevada ads target California businesses

Lipstick on a pig? It's just one pointed image in a bid to lure firms from the Golden State.

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For entrepreneurs wondering when California might become more business-friendly, Nevada has an answer: When pigs fly.

In a series of aphorism-laden ads running this week on TV, on radio and in print, the Nevada Development Authority once again is trying to lure businesses from the Golden State, this time by comparing the California budget to a swine and lawmakers to monkeys.

"If the Legislature doesn't stop monkeying around, you can kiss your assets goodbye," says a voice-over in one spot,

which features a monkey making spitting sounds at the camera as cartoon bananas fall from the sky.

It's just the latest attempt by neighboring states to lure jobs and tax revenue by highlighting California's reputation as a high-cost, highly regulated place to do business.

California has battled such negative perceptions for years. But its huge consumer base, great weather and dynamic entrepreneurial culture have kept many businesses anchored here. Still, in a tough economy when companies are



Nevada has created several advertisements designed to lure California companies to the Silver State.

looking to slash costs, some industry leaders fear poachers will be more successful this time around.

"This has gotten to a point where we are lagging behind other states where it counts," said Lloyd Greif, chairman of the Los Angeles County Economic Development Corp. and president of investment

banking firm Greif & Co.

The Nevada campaign touts the fact that the Silver State has no corporate or personal income tax, no inventory tax, and lower workers' compensation costs. A light-industrial facility that costs \$405,478 a year to operate in Las Vegas would cost \$625,774 to operate in Los

Angeles County, according to the Nevada Development Authority.

One TV ad urges California businesses to "get the monkey off your back" and relocate to Las Vegas. In another, a news anchor -- working for fictitious channel KTAX -- turns into a swine, and a voice tells businesses not to wait "until they put lipstick on that pig" to leave California. A print ad shows a pig with white, fluffy wings underneath the text "California will be more pro-business . . . when?"

"If you don't like the business situation [in California], you don't have to go under," said Somer Hollingsworth, president and chief executive of the Nevada Development Authority. "You can always move to Las Vegas."

Nevada could use the help. Its unemployment rate, at 12% in June, was nearly double its 6.4% rate in June 2008. It was especially hard hit by the housing bust: The number of construction jobs in June were down 29% from a year earlier. And the number of jobs in Nevada's leisure and

hospitality industry, which includes casinos, fell 24% in June from the previous year.

Nevada has always recruited businesses from California; Hollingsworth jokes that former California Gov. Gray Davis was an asset to the development authority's campaign. But California's ongoing budget crisis seems to be working in Nevada's favor this year.

Hollingsworth said that 35% of companies he had recruited to the state this year were from California, compared with 20% last year. "January was the tipping point," he said. "Companies were saying they couldn't stay there."

A report released in June by the Milken Institute estimated that California lost 79,000 manufacturing jobs from 2003 to 2007, while seven other states with a meaningful percentage of U.S. manufacturing gained 62,000, in part because of California's regulatory environment.

Los Angeles County has fewer Fortune 500 companies than most other major metropolitan areas, said Greif of the Los Angeles County

Economic Development Corp. That's a bad sign for a state famous for its creativity and innovation.

One Fortune 500 company, dialysis service provider DaVita Inc., announced in May that it was moving its corporate headquarters from El Segundo to Denver. Colorado officials offered tax incentives, DaVita spokesman Brad Chase said. The region also has a lower cost of living. Most of the new positions the growing company creates will be in Denver, Chase said.

That irks Greif, who's sick of seeing big companies leave California. "Why is it when a company gets bigger, it's time to pull up stakes and leave Dodge?" he said. "Because we have become distinctly business unfriendly. It's high time that changed."