



Economic Connections Between Southern Nevada and California

Ever since the San Pedro, Los Angeles & Salt Lake Railroad reached what is now Downtown Las Vegas in 1905, California has been an important contributor to the economy of southern Nevada. That connection continues today, as Nevada's neighbor to the west provides key contributions in visitor volume, population growth, freight traffic and other economic drivers.

- ❖ In recent years, California has been responsible for a sizeable portion of population growth in Clark County. Between 2000 and 2013 (latest year available), Clark County's population increased by 637,000 residents. During that time, net migration from California (incoming residents minus outgoing residents) accounted for roughly 160,000 new residents, according to IRS migration data. In other words, migration from California made up 25 percent of total population growth in Clark County. This trend has been more pronounced since the Great Recession, with California migration accounting for 34 percent of county population growth between 2007 and 2013. Californians also accounted for the majority of domestic immigration to Clark County, as two out of three new residents moving in from other states originated in the Golden State.
- ❖ Californians provide a significant share of overall visitation Las Vegas, accounting for one out of every three visitors in 2014. Southern Californians made up 27 percent of overall visitor volume (11.1 million visitors), while Northern Californians made up 6 percent (2.5 million) of the total 41.1 million visitors during the year. A high proportion of southern Californians (97 percent) were repeat visitors with an average of 9.0 visits in the past five years. By comparison, 81 percent of all visitors were repeat visitors with an average of 6.9 visits in the past five years.
- ❖ The vast majority of visitors from southern California arrive by vehicle, primarily via Interstate 15. In 2006, an average of 40,383 vehicles a day crossed the California-Nevada border on I-15. That figure dropped 6.7 percent in 2008 to a recent annual low of 37,686 daily vehicles. Daily highway traffic has since rebounded and surpassed pre-recession levels, reaching 42,318 in 2014, up 12.3 percent from the 2008 low and 4.8 percent compared the 2006 peak.
- ❖ Conversely, a small percentage of California visitors (7 percent) arrive by air. However, the Golden State is integral to southern Nevada's all-important air travel industry as it provides the region's only source of aviation fuel via the CALNEV pipeline. The pipeline carries approximately 128,000 barrels of gasoline, diesel, and jet fuel each day between southern California and Las Vegas, which is equivalent to 46.7 million barrels per year. For comparison, the UNEV pipeline between Utah and southern Nevada, which carries only gasoline and diesel fuel, has a capacity of 60,000 barrels per day or 21.9 million barrels per year.
- ❖ California is a major source of freight movement to and through southern Nevada. The I-15 multimodal corridor, which consists of Interstate 15 and the Union Pacific Railroad, supports significant truck and rail traffic for moving goods between regions. In terms of tons and dollars, there is a strong linkage between southern California and Las Vegas, mostly driven by the extensive goods movement infrastructure in southern California, such as the ports of Los Angeles and Long Beach that bring in 40 percent of the imported cargo nationally. Among Nevada's U.S. trade partners in 2012, California was the leader in total incoming and outgoing freight flows, providing 40.6 percent of Nevada's national trade tons (24.0 million tons) and 38.9 percent of its national trade value (\$38.7 billion).



- ❖ Property owners in California control \$7.5 billion worth of assessed land value in Clark County as of June 2015, which is nearly 10 percent of the county’s total land value. The largest value shares are in residential (\$5.2 billion), commercial (\$1.4 billion), and industrial (\$479 million).

California Ownership of Real Property in Clark County

Parcels with a California Mailing Address

| Land Use | Parcels | Units | Assessed Value |
|-------------------|-----------------------|------------------------|-------------------------------|
| Residential | 79,312 (12.1%) | 150,079 (17.8%) | \$5,167,837,323 (11.5%) |
| Commercial | 2,205 (16.1%) | 11,346 (6.5%) | \$1,422,315,398 (8.7%) |
| Industrial | 953 (22.3%) | 45,623 (35.9%) | \$479,060,471 (23.0%) |
| Vacant | 6,914 (10.8%) | 233 (0.8%) | \$334,517,697 (4.5%) |
| Non-Profit | 56 (2.9%) | 3 (1.8%) | \$37,350,272 (1.0%) |
| Minor Improvement | 1,033 (18.2%) | 13 (3.2%) | \$26,360,804 (8.6%) |
| Utilities | 35 (5.2%) | 2 (5.6%) | \$13,258,314 (1.2%) |
| Total | 90,508 (12.1%) | 207,299 (17.7%) | \$7,480,700,279 (9.8%) |

* Percentages equal share of Clark County total

Source: Clark County Assessor

- ❖ Nevada’s corporate tax climate is frequently cited as a reason for businesses moving in from California. The Tax Foundation’s most recent Business Tax Climate Index ranks Nevada fifth nationally. Nevada ranked third the previous year but dropped with the recent passage of the Commerce Tax. By comparison California ranks 48th.
- ❖ According to the Las Vegas Global Economic Alliance, a total of 17 companies from a variety of industries have moved to southern Nevada from California since 2013. Those companies brought more than 700 jobs and \$111.5 million in investment. These figures reflect a fraction of overall business relocations since they only represent moves assisted by the LVGEA and do not include businesses that received assistance from the Governor’s Office of Economic Development or moved without any public assistance.