

Utah lures California high-tech operations

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By Mark Glover / The Sacramento Bee

First Nevada targeted California companies.

Now Utah has entered the high-stakes game.

The Beehive State has been reaching out to California-based technology companies, touting Utah's business-friendly environment, alluring tax incentives, comparatively affordable cost of living and pleasing recreational attractions, including Olympic-grade winter sports facilities.

And it's working. San Jose-based software company Adobe Systems Inc. is the latest California tech company to announce a major expansion in Utah.

On Aug. 5, Adobe said it plans to build a \$100 million campus in Salt Lake City or Utah County. Utah officials projected campus completion in 2012 and the possibility of additional facilities with 1,000 new jobs over 20 years.

Utah Gov. Gary R. Herbert has made economic development his top priority, and he happily chatted up Adobe's move.

"I have personally assured company leaders that Utah's business climate will allow operations to thrive, and that we, as a state, can provide them with a work force that is well-educated, tech-savvy and ready to go to work for Adobe," he said.

Utah's other notable California pickups of late include:

-- San Francisco-based social networking company Twitter Inc. announced last month that it is moving its data center to Salt Lake City. It did not disclose potential job numbers but said it would hire locals.

-- Redwood City-based Electronic Arts Inc. opened a new 20,000-square-foot facility in Salt Lake City in July, initially housing 100 employees to contribute to its video game empire.

-- In May, San Jose-based eBay Inc. detailed plans for its \$287 million data center outside Salt Lake City. The massive facility will be the primary overseer of eBay's website, with millions of users and accounts. Hundreds of jobs are expected.

-- Redwood Shores-based software firm Oracle Corp. announced in May that it was resuming construction on a large data center in the Salt Lake City suburb of West Jordan. The 180,000-square-foot facility reportedly represents a \$285 million capital investment and initially will employ about 100.

Like Utah officials, those in Nevada promote low or no taxes, plenty of room to spread out and affordable living conditions. Less publicly, they've also tossed a few barbs at California's business environment, characterizing it as too expensive, too regulated and too crowded.

During a telephone interview with The Sacramento Bee last week, Utah's Herbert said he admired California and "the contributions it makes to our country," adding that the state faces "significant challenges."

The governor said Utah has worked hard to avoid business regulations that are "obnoxious and nonsensical" and foster a business environment that "empowers the private sector -- [and] encourages [it] to be innovative and creative."

Several California economic/employment development officials declined to comment on the record about Utah's interest in California companies. Privately, they said any jobs lost to out-of-state competitors are a concern but pointed out that California has a wealth of Fortune 500 company headquarters, unlike Utah.

Officials of the Golden State companies recently making plans for Utah likewise pointed out that they remain based in California.

But Adobe conceded that Utah makes a strong case.

"Utah's vibrant communities, skilled talent base and business-friendly environment are appealing," said Mark Garrett, Adobe executive vice president and chief financial officer.

Denise Davis, a spokeswoman for the Sacramento-based CalChamber, which has chafed at what it views as state lawmakers' periodic anti-business measures, had this reaction: "It is time for our legislators to support real efforts to retain and create jobs. The time has long passed to reduce government-imposed costs and regulations so that businesses will continue to invest in California workers and our economy."

Utah's overtures to California firms are not unprecedented.

Nevada has been doing it for years, pressing particularly hard when the state's economy has suffered.

Most recently, the Economic Development Authority of Western Nevada has been trying to lure green-tech companies, with California a primary target.

Also, he pointed to Utah's jobless rate -- 7.1%, below the national average.

Herbert, a Republican, was Utah's lieutenant governor until he assumed the governorship Aug. 11, 2009, following the resignation of Jon Huntsman Jr., who accepted a presidential appointment as U.S. ambassador to China.

Herbert is running in a special election this November to formally fill out Huntsman's term through 2012.