

January 13, 2016

The Honorable Brian Sandoval
Office of the Governor
One Hundred One North Carson Street
Carson City, Nevada 89701

Mr. Richard Combs, Director
Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701

Re: NRS 360.975 Annual Report

Gentlemen:

Pursuant to NRS 360.975 the Governor's Office of Economic Development is submitting its annual report for the Qualified Project commonly known as the Tesla Gigafactory (the "Project"). The attached report is based on information provided by the Lead participant, Telsa Motors, Inc., and addresses the following statutory questions:

- (a) For the immediately preceding fiscal year;
- 1) The number of applications submitted pursuant to NRS 360.945
 - 2) The number of qualified projects for which an application was approved;
 - 3) The amount of transferable tax credits approved;
 - 4) The amount of transferable tax credits un-used;
 - 5) The amount of transferable tax credits transferred;
 - 6) The amount of transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total and for each qualified project;
 - 7) The number of abatements approved;
 - 8) The dollar amount of the abatements;
 - 9) The number of employees engaged in construction of each qualified project who are residents of Nevada and the number of employees employed by each participant in a qualified project who are residents of Nevada;
 - 10) The number of qualified employees employed by each participant in a qualified project and the total amount of wages paid to those persons; and

- 11) For each qualified project, an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project
- (b) For each abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years, 6 fiscal years, 10 fiscal years and 20 fiscal years immediately preceding the submission of the report:
- 1) The dollar amount of the abatement;
 - 2) The value of infrastructure included as an incentive for the qualified project;
 - 3) The economic sector in which each participant in the qualified project operates, the number of primary jobs related to the qualified project, the average wage paid to employees employed by the participants in the qualified project and the assessed values of personal property and real property of the qualified project; and
 - 4) Any other information that the Office determines to be useful.

If further information is required, please contact me at your convenience.

Respectfully yours,



Brad Mamer
Director of Business Development

cc: Steve Hill

Tesla Gigafactory Annual Report
(FY 2015)

(a) For the immediately preceding fiscal year:

- 1) The number of applications submitted pursuant to NRS 360.945: **One (1) application was submitted by Tesla Motors, Inc. for the project typically known as the “Tesla Gigafactory”;**
- 2) The number of qualified projects for which an application was approved: **One (1) project, the Tesla Gigafactory, was approved by the GOED Board on October 17, 2014;**
- 3) The amount of transferable tax credits approved: **\$195.0 million;**
- 4) The amount of transferable tax credits used: **No transferable tax credits have been used as of the issuance of this report;**
- 5) The amount of transferable tax credits transferred: **\$9.618 million are anticipated to be transferred to Tesla Motors, Inc.;**
- 6) The amount of transferable tax credits taken against each allowable fee or tax, including the actual amount used and outstanding, in total for each qualified project: **Tesla Motors, Inc. has not made the irrevocable declaration of the amount of transferable tax credits that will be applied to each fee or tax set forth in NRS 360.945;**
- 7) The number of abatements approved: **Four (4) abatements were approved by the GOED Board: Real Property, Personal Property, Modified Business, and Sales and Use Tax Abatements;**
- 8) The dollar amount of the abatements: **Prior to board approval, GOED estimated abatements over the 20 year life of the incentive agreement would total from \$0.677 billion to \$1.104 billion based on an investment range of \$4.950 billion to \$11.293 billion, respectively. Under either scenario, 100 percent claw-back plus interest provisions are contractually activated if the project fails to reach the required minimum 10 year investment of \$3.5 billion. In FY15, GOED estimates abatements totaled \$8.597 million, including \$8.580 million in sales tax on construction materials, equipment and other expensed property, and \$0.017 million in modified business tax;**
- 9) The number of employees engaged in construction of each qualified project who are residents of Nevada and the number of employees employed by each participant in a qualified project who are residents of Nevada:

- a. **Total number of construction employees at site for FY15: 1,348;**
- b. **Total number of construction employees that are Nevada residents: 916 (68%);**
- c. **Total number of employees of participant: 24 QEs, 19 for Tesla Motors and 5 for Panasonic Electronics North America (PENA);**
- d. **Total number of employees of participant that are Nevada residents: 16 QEs (67%): 15 for Tesla Motors and 1 for Panasonic Electronics North America (PENA);**

10) The number of qualified employees employed by each participant in a qualified project and the total amount of wages paid to those persons:

- a. **Total qualified employees: 24;**
- b. **Total wages paid: Based on a reported average wage of \$94.26 for 24, or a reported \$1.800 million in wages paid to non-construction Gigafactory employees;**

11) For each qualified project, an assessment of whether the participants in the qualified project are making satisfactory progress towards meeting the investment requirements necessary to support the determination by the Office that the project is a qualified project:

- a. **In FY15, Tesla reports a total and combined of \$186.359 million;**
- b. **Based on this investment, and observations of physical progress at the site, GOED has determined for FY15 that Tesla is making satisfactory progress towards meeting the investment requirements necessary to maintain its status as a qualified project;**

(b) For each abatement from taxation that the Office approved during the fiscal years which are 3 fiscal years, 6 fiscal years, 10 fiscal years and 20 fiscal years immediately preceding the submission of the report:

- 1) The dollar amount of the abatement: **No qualified project has been in existence for three fiscal years;**
- 2) The value of infrastructure included as an incentive for the qualified project: **No qualified project has been in existence for three fiscal years; and**
- 3) The economic sector in which each participant in the qualified project operates, the number of primary jobs related to the qualified project, the average wage paid to employees employed by the participants in the qualified project and the assessed values of personal property and real property of the qualified project: **No qualified project has been in existence for three fiscal years.**