

October 1, 2017

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: Annual Report
Projects with Capital Investments of \$3.5 Billion
Pursuant to NRS 360.975**

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,

A handwritten signature in black ink, appearing to read "Mike Dang". The signature is stylized with a prominent peak and a long, sweeping underline.

Mike Dang
Director of Business Development

cc: Steve Hill

Annual Report
Projects with Capital Investments of \$3.5 Billion
Pursuant to NRS 360.975
(FY 2017)

(a) For the immediately preceding fiscal year, the NRS requirements and responses are as follows:

- 1) The number of applications submitted pursuant to NRS 360.945: **The number of applications submitted pursuant to NRS 360.945 was zero (0). In FY 2015, one 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: **The number of qualified projects for which an application was approved was zero (0).**
- 3) The amount of transferable tax credits approved: **The amount of transferable tax credits approved for use in FY 2017 was \$36,850,518. Total approved for all periods is \$57,312,073.**
- 4) The amount of transferable tax credits used: **The amount of transferable tax credits used by Tesla Motors, Inc. was \$36,850,518.**
- 5) The amount of transferable tax credits transferred: **The amount of transferable tax credits transferred by Tesla Motors, Inc. was \$36,850,518.**
- 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: **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, were taken against Gaming License Fees imposed by NRS 463.370 and totaled \$36,850,518.**
- 7) The number of abatements approved: **The number of abatements approved was zero (0) in FY 17.**

- 8) The dollar amount of the abatements: **The dollar amount of the abatements in FY17 totaled \$114.99 million, including \$107.86 million in sales taxes on construction materials, equipment and other property, \$1.39 million in modified business tax, \$5.59 million in real property tax and \$156,993 in personal property tax. Also, 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.**
- 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: **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 are included below:**
- i. **Total number of construction employees who are Nevada residents: 5,947;**
 - ii. **Total number of Nevada residents who are employees of participants: 1335 total Nevada residents, which includes 896 for Tesla Motors and 439 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: **The number of qualified employees (QEs) employed by each participant in a qualified project and the total amount of wages paid to those persons is as follows:**
- i. **Total number of QEs of participants: 1403 total QEs, 963 for Tesla Motors and 440 for Panasonic Electronics North America (PENA);**
 - ii. **Total wages paid: \$61.4 million in wages were paid to 1403 QEs which, adjusted for actual hours, equates to \$38.36 per hour;**

- 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: **For each qualified project, GOED provides 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:**
- i. **Tesla reports an estimated total combined investment of \$2.6 billion through June 30, 2017;**
 - ii. **Based on this investment, and observations of physical progress at the site, GOED has determined for FY17 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: **This requirement will become effective in a future report. No qualified NRS 360.975 project has been in existence for the immediately preceding three fiscal years.**
 - 2) The value of infrastructure included as an incentive for the qualified project: **No infrastructure was provided as an incentive for this 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: **This requirement will become effective in a future report. No qualified project has been in existence for the immediately preceding three fiscal years.**