

October 1, 2019

The Honorable Steve Sisolak  
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, Tesla 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,



Melanie Sheldon  
Director of Business Development

cc: Kristopher Sanchez, Interim Executive Director, GOED

**Annual Report**  
**Projects with Capital Investments of \$3.5 Billion**  
**Pursuant to NRS 360.975**  
**(FY 2019)**

(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) for FY 19. 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) for FY 19.**
- 3) The amount of transferable tax credits approved: **The amount of transferable tax credits approved for use in FY 2019 was \$41,943,604. Total approved for all periods is \$173,087,499.**
- 4) The amount of transferable tax credits used: **The amount of transferable tax credits used by Tesla Motors, Inc. was \$41,943,604.**
- 5) The amount of transferable tax credits transferred: **The amount of transferable tax credits transferred by Tesla Motors, Inc. was \$41,943,604.**
- 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 \$41,943,604.**
- 7) The number of abatements approved: **The number of abatements approved was zero (0) in FY 18.**
- 8) The dollar amount of the abatements: **The dollar amount of the abatements in FY19 totaled \$65.83 million, including \$27.29 million in sales taxes on construction materials, equipment and other property, \$4.29 million in modified business tax, \$6.3 million in real property tax and \$27.96 million 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.**

*Source: Storey County Assessor's Office, Nevada Department of Taxation*

- 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: 8,838;**
  - ii. **\*Total number of Nevada residents who are employees of participants: 6,103 total Nevada residents, which includes 4,153 for Tesla Motors, 1,790 for Panasonic Electronics North America (PENA), and 160 for H&T Nevada, LLC;**

*\*Source: Tesla Motors, Inc. / Eide Bailly LLP– Report of Independent Accountants on Applying Agreed Upon Procedures*

- 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 for the reporting period: 3,310 total QEs; for Tesla Motors, 2,825; for Panasonic Electronics North America (PENA), 407; for H&T Nevada LLC, 78;**
  - ii. **\*Total wages paid: \$748.6 million in wages were paid to 7,557 QEs to date which, adjusted for actual hours, equates to \$29.28 per hour;**

*\*Source: Tesla Motors, Inc. – internal reporting*

- 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 \$4.9 billion through June 30, 2019;**
  - ii. **Based on this investment, and observations of physical progress at the site, GOED has determined for FY19 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:

	2015	2016	2017	2018	2019	Combined total
RPT	-	\$ 2,364,796.57	\$ 5,595,709.62	\$ 6,139,330.91	\$ 6,284,004.61	
PPT	-	\$ 334.00	\$ 156,993.00	\$ 17,377,825.83	\$ 27,964,821.04	
MBT	\$ 59,067.33	\$ 396,915.69	\$ 1,251,559.25	\$ 2,772,507.52	\$ 4,284,572.17	
SUT	\$ 3,969,128.05	\$ 2,159,487.00	\$ 107,860,862.17	\$ 80,174,424.20	\$ 27,292,824.44	
Total	\$ 4,028,195.38	\$ 4,921,533.26	\$ 114,865,124.04	\$ 106,464,088.46	\$ 65,826,222.26	<b>\$296,105,163.40</b>

Source: Storey County Assessor's Office, Nevada Department of Taxation

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:

#### Project to date

	Tesla	PENA	H&T	Valeo
Economic Sector	Manu.	Manu.	Manu.	Manu.
New Qualified Employees (NQEs)	5,540	1,825	192	0
Number of Nevadan residents NQEs	4,153	1,790	160	0
NQE Residency Percentage	75%	98%	83%	0
Average Wage	\$ 30.24	\$ 26.57	\$ 30.52	0

Source: Tesla Motors, Inc. / Eide Bailly LLP – Report of Independent Accountants on Applying Agreed Upon Procedures

RPT Assessed Values	Tesla	PENA	H&T	Valeo
2016-17	\$ 68,332,897	-	-	-
2017-18	\$ 161,692,999	-	-	-
2018-19	\$ 177,401,419	-	-	-
2019-20	\$ 181,581,894	-	-	-

Source: Storey County Assessor's Office

PPT Assessed Values	Tesla	PENA	H&T	Valeo
2015-16	\$ 9,649	-	-	-
2016-17	\$ 4,516,053	\$ 20,415	-	-
2017-18	\$ 151,257,236	\$ 342,638,323	\$ 3,663,453	\$ 4,588,69
2018-19	\$ 284,186,838	\$ 503,860,156	\$ 15,989,255	\$ 4,032,091

Source: Storey County Assessor's Office