

TESLA

GIGAFACTORY NEVADA

Economic and Fiscal Impact Analysis 2022

Prepared by

APPLIED ANALYSIS

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APPLIED ANALYSIS

December 31, 2022

Mr. Chris Reilly
Tesla
1 Electric Avenue
Sparks, Nevada 89437

RE: Gigafactory Nevada | Economic and Fiscal Impact Analysis

Dear Mr. Reilly:

In accordance with your request, Applied Analysis ("AA") is pleased to submit this *Economic Impact and Fiscal Impact Analysis 2022*. This analysis is designed to provide estimated economic impacts sourced to Tesla's Gigafactory Nevada located in Storey County since its inception in 2014. The analysis focuses on the broader economic impacts sourced to the construction-related activity of developing the Gigafactory and the overall operational impacts sourced to the activity at the site. In addition to the economic benefits, the analysis focuses on the fiscal (public revenue) impacts and various social contributions related to education, community investments, infrastructure building and environmental health and safety in Northern Nevada.

This summary report outlines the salient findings and conclusions of our review and analysis. This report was designed by AA in response to your request. However, we make no representations as to the adequacy of these procedures for all of your purposes. Generally speaking, our findings and estimates provided in this summary, and the conclusions reached herein, are based on the findings of our research and our knowledge of the market as of the date of this report. We have no responsibility to update this report for the events and circumstances that may occur after this date. Our report contains economic, fiscal, social and other market data. This information was collected from our internal databases and various third parties, including Tesla, its vendors and other public data providers. The data were assembled by AA. While we have no reason to doubt its accuracy, the information collected was not subjected to any auditing or review procedures by AA; therefore, we can offer no representations or assurances as to its completeness.

This report is an executive summary. It is intended to provide an overview of the analyses conducted and a summary of our salient findings. Should you have any questions, please contact Jeremy Aguero or Brian Gordon at (702) 967-3333.

Sincerely,

Applied Analysis

Applied Analysis

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Executive Summary

Tesla has become a global revolutionary in the energy sector, exceeding a production capacity of 1.3 million vehicles in 2022 and generating $53.8 billion in revenue in 2021. To keep up with increasing demand, Tesla created its first domestic in-house supply chain factory, the Gigafactory, in 2014 in Sparks, Nevada after agreeing to an incentive agreement with Nevada. Tesla, in conjunction with its supply chain vendors Panasonic Energy Corporation of North America ("PENA"), H&T Nevada and Valeo North America, have since built and currently operate a 5.3 million square foot facility within the Tahoe Reno Industrial Center ("TRIC"). Investments made by Tesla and key strategic vendors have transformed the local economy, producing significant economic contributions to Nevada during the eight years since the Gigafactory commenced construction.

"

TESLA SET OUT TO PRODUCE 35 GWH AND CREATE 6,000 JOBS AT GIGAFACTORY NEVADA - AS OF TODAY, THEY HAVE FAR SURPASSED THESE GOALS, ACHIEVING NEARLY 40 GWH OF ENERGY AND SUPPORTING ALMOST 11,000 EMPLOYEES, WHILE EXPANDING PRODUCT LINES TO INCLUDE ELECTRIC MOTORS AND ENERGY STORAGE

Nevada Impact Summary

SOURCED TO GIGAFACTORY NEVADA'S $6.2 BILLION INVESTMENTS

Gigafactory Nevada has out performed the minimum requirements of Nevada's incentive agreement

$6.2 B
Capital Investment
$3.5 billion minimum required

10,521
Employment
6,000 minimum required

$42.35
Average Hourly Wage
$22.00 minimum required

90%
Nevada Workforce (Operations)
50.0% minimum required

ONE-TIME CONSTRUCTION IMPACTS
(FY 2015 - 2022)

$3.6 B
Economic Output

$1.5 B
Salaries and Wages

21,237
Employment
(Person-Years)

CUMULATIVE OPERATIONS IMPACTS
(FY 2015 - 2022)

$17.1 B
Economic Output

$4.2 B
Salaries and Wages

64,940
Employment
(Person-Years)

RECURRING OPERATIONS IMPACT (2022)

$5.3 B
Economic Output

$1.2 B
Salaries and Wages

17,399
Employment

ECONOMIC RETURN ON PUBLIC INVESTMENT

Tesla and its vendors invested

10.2x

the amount of the public invesment

Gigafactory Nevada has stimulated

28.2x

the economic activity of the public investment

90%

of Gigafactory Employees are Nevada Residents

4,138

Suppliers, Vendors and Contractors Engaged To Date at Gigafactory Nevada

EMPLOYEE AND VENDOR PUBLIC REVENUES



$65.3 M	Sales and Use Tax
$42.8 M	Property Tax
$9.9 M	Modified Business Tax

EDUCATION INVESTMENT

$33.0 M	K-12 Investments Through 2022
33	Number of Causes Supported
$4.5 M	Additional Investment in 2023



$1 Million

Research grant with UNLV

ENVIRONMENTAL INVESTMENT

75%

Waste Diverted from Landfills

90%

On-site Process Water Recycled Starting in 2023

10,242

MWh AI-Supported Energy Savings



Building the Factory

As part of its incentive agreement with Nevada, Tesla agreed to invest a minimum of $3.5 billion by June 30, 2024. Between fiscal years 2015 and 2022, capital investments related to construction of the Gigafactory have totaled $6.2 billion, more than 1.8 times this minimum capital investment requirement. Construction of the facility occurred in phases to allow for operations to commence in conjunction with future expansion. Of the capital investments made to date, an estimated $2.0 billion economic output directly benefited the communities within the Northern Nevada region. When accounting for indirect (supplier) and induced (employee spending) impacts, more than $3.6 billion in economic activity has flowed through the local economy. **The $6.2 billion investment in Gigafactory Nevada supported a total of $1.5 billion in salaries and wages and more than 21,000 local jobs.**

Operating the Factory

Operational capabilities of the Gigafactory have ramped up over the years as Tesla continues to make incremental investments. Currently, the factory has a Nevada workforce exceeding 9,400 that support the manufacturing of electric vehicle battery packs, motors and energy storage products. Total employee income supported by the Gigafactory equates to $776.8 million, or approximately $82,314 per worker. When the indirect and induced contributions are considered, the total number of jobs supported in the Northern Nevada economy reaches 17,399 and total wages equates to $1.2 billion. Economic activity, or output, at the facility exceeds $3.1 billion annually and swells to $5.3 billion when the ripple effect is included. **All in, since 2014 a total of $17.1 billion in economic output has been generated as a result of the Gigafactory.**



Public Return on Investment

Importantly, Tesla was granted an incentive package for relocating to Nevada, and the resulting return on that investment is clear. The gains from an economic perspective have far outweighed the dollar amount of the abated taxes and subsidies. Specifically, **Gigafactory partners have invested 10.2 times more capital and stimulated 28.2 times more in total economic activity than the public investment since inception.**

Further, the creation of the factory and related private-sector investments have generated recurring public revenues through sales and use, property and modified business tax revenue sourced to the Gigafactory's growing workforce, expanded supplier network and ongoing operations. **In total since opening, public revenues sourced to employees and vendors are estimated to have generated $117.9 million**, which help fund government services, including those provided by the state of Nevada, local counties, special districts such as education and other local beneficiaries.

Community Engagement

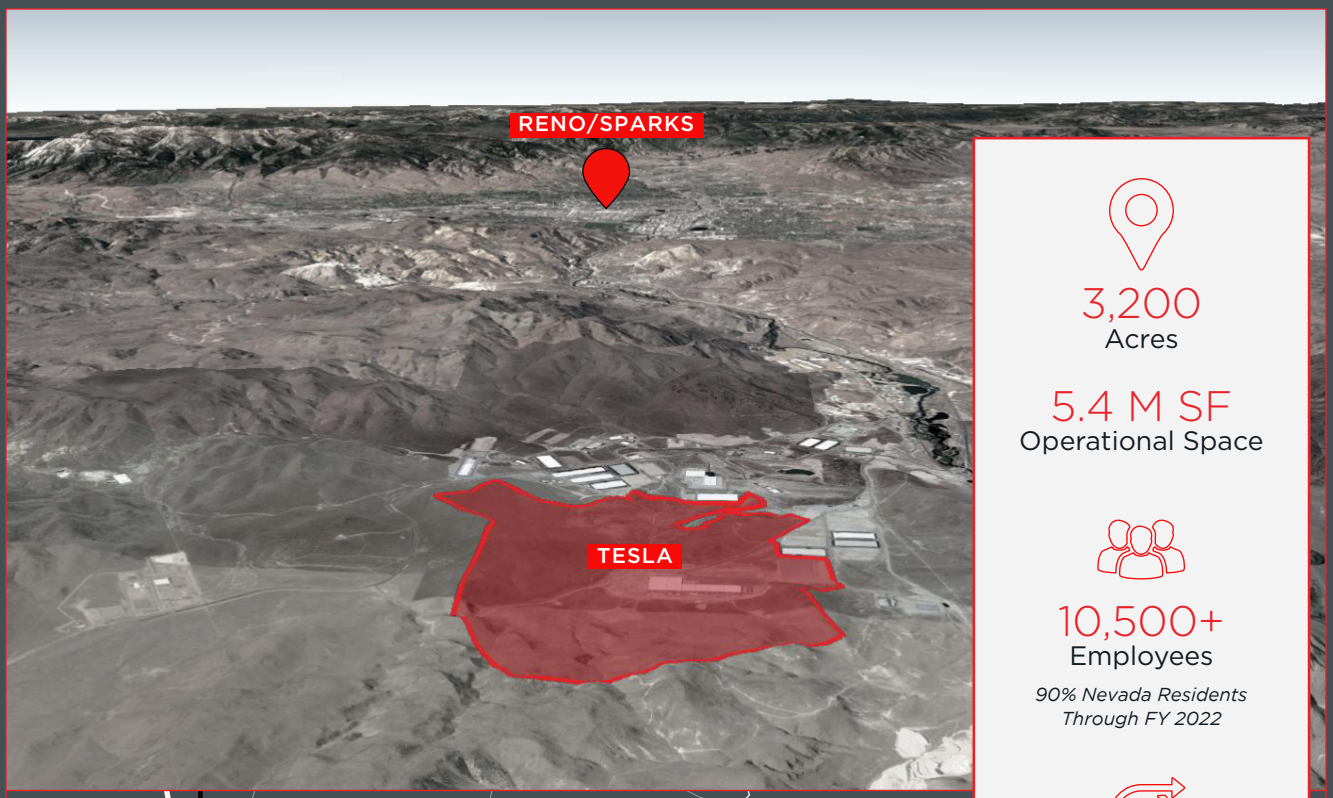
Beyond the economic and fiscal impacts, substantial community benefits have been derived from Gigafactory Nevada's operations in the state. Tesla has invested $33.0 million directly into education initiatives focused on robotics, sustainability, STEAM and workforce development, with plans to contribute an additional $4.5 million in 2023. Outside of donations, the factory has also pursued strategies related to energy sustainability, natural habitat preservation and restoration and employee workplace safety. Gigafactory Nevada has also helped strengthen the local business infrastructure by stimulating follow-on investments from other businesses and industries such as supporting housing development projects, downtown revitalization and increased regional attractiveness for large company relocations and expansions. **As evidenced by these additional investments, Tesla is focused on encouraging community engagement, strengthening infrastructure and promoting overall betterment of its host state.**

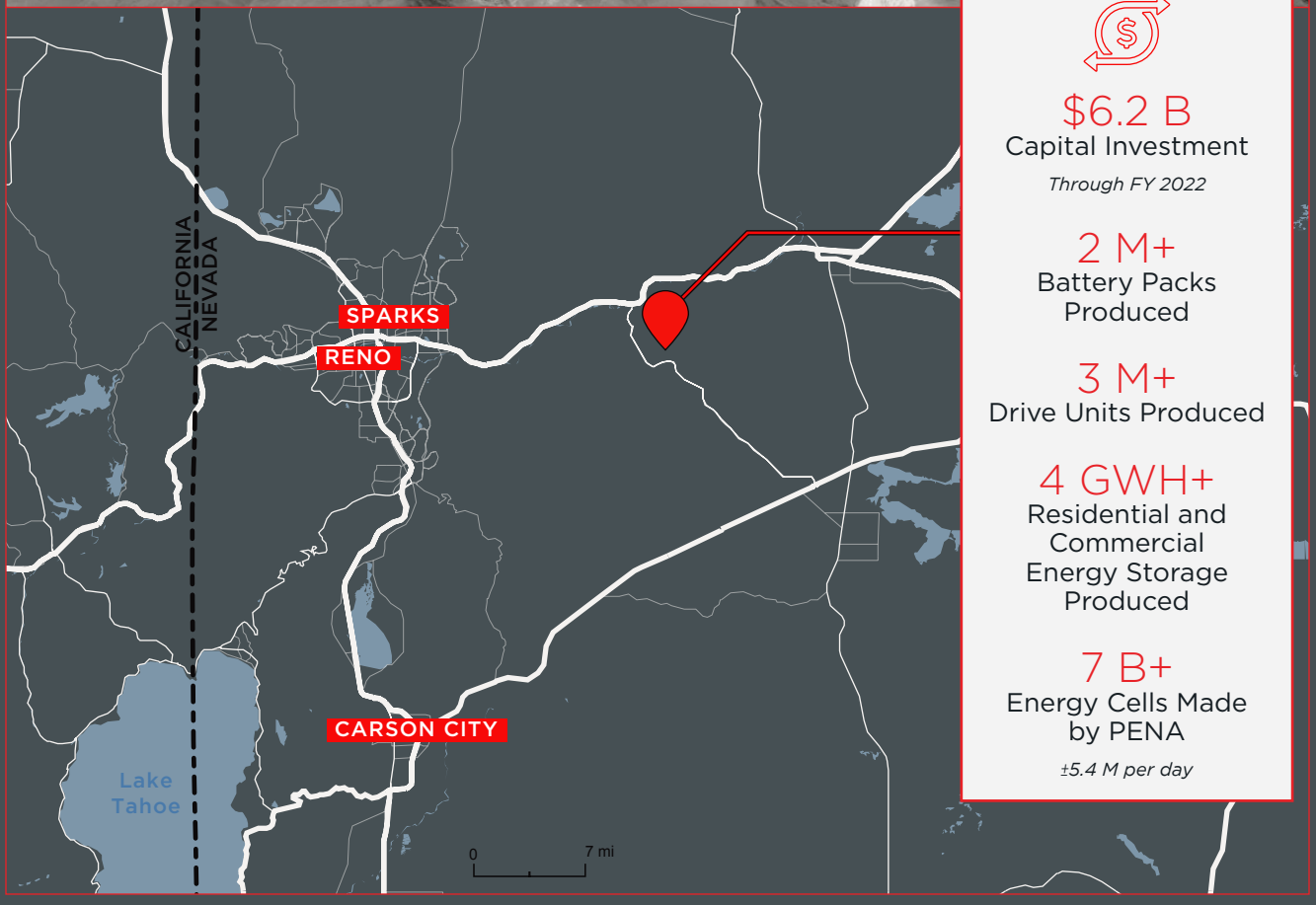
Introduction

Founded in 2003, Tesla has become a pioneer of innovation and a global driver of the energy transition. The company is driven by its vision to accelerate the world's transition to sustainable energy, including designing, developing and manufacturing electric vehicles and energy storage systems. In 2022 alone, Tesla produced 1.3 million electric vehicles, almost fifty percent more than 2021 production. Long-term, Tesla aims to sell 20 million vehicles per year by 2030. Critical to continuing to increase production and reach long-term visionary goals is the ongoing manufacturing of lithium-ion batteries. Tesla's Gigafactories, which brought battery manufacturing in-house, were borne out of necessity to support projected annual vehicle demand and help reduce the costs associated with battery cells through economies of scale. The very first Gigafactory built in the United States is housed in Sparks, Nevada and has helped to transform the landscape of the region through its significant economic, fiscal and community benefits.

On September 4, 2014, it was announced that Nevada had been selected as the official site for Tesla's first Gigafactory. Nevada was chosen over multiple other states, including Arizona, California, New Mexico and Texas. Ground broke on the construction of the factory that same year. Giga Nevada has been built in phases to allow for immediate commencement of manufacturing in completed sections, while still allowing expansion to continue. Since initial construction began, the Gigafactory has expanded to house approximately 5.4 million square feet of operational space. Giga Nevada is part of the Tahoe Reno Industrial Center, the largest industrial park in the world. Aside from Tesla, TRIC includes some of the foremost technology companies in the world, notably Blockchains, Google, Jet.com and Switch. Since coming to Nevada, the Gigafactory's contributions have propelled lithium-ion batteries to one of the state's top exported commodities (8th top export in 2021).

LITHIUM-ION BATTERIES WERE NEVADA'S
8TH LARGEST EXPORT
IN 2021





3,200
Acres

5.4 M SF
Operational Space

10,500+
Employees

90% Nevada Residents Through FY 2022

$6.2 B
Capital Investment

Through FY 2022

2 M+
Battery Packs Produced

3 M+
Drive Units Produced

4 GWH+
Residential and Commercial Energy Storage Produced

7 B+
Energy Cells Made by PENA

±5.4 M per day

Tesla engaged several key strategic vendors to occupy the Gigafactory and assist in battery manufacturing. The largest vendor to date is Panasonic Energy Corporation of North America, who supplies Tesla with the cells used in their electric car batteries. H&T Nevada and Valeo North America ("Valeo") also occupy space within the Gigafactory and provide Tesla with needed supply chain materials. Today, Giga Nevada produces battery packs and electric motors for the Model 3 and Model Y. In addition, the factory is responsible for manufacturing energy storage products (Powerwall, Powerpack and Megapack) and the newest product line, semi-trucks.

Gigafactory Nevada has generated substantial economic, fiscal and community benefits for Storey County, Washoe County and the balance of Northern Nevada's residents. Benefits have been derived from one-time impacts associated with the development of the Gigafactory (i.e. construction activity) as well as recurring impacts stemming from ongoing annual operations. The following pages summarize the results of an impact analysis conducted on the construction and subsequent operations of Gigafactory Nevada as realized by Tesla, PENA and its associated partners since inception of the project. Significant community engagement related to education, building manufacturing infrastructure, employee safety, environmental benefits and community involvement are also highlighted.

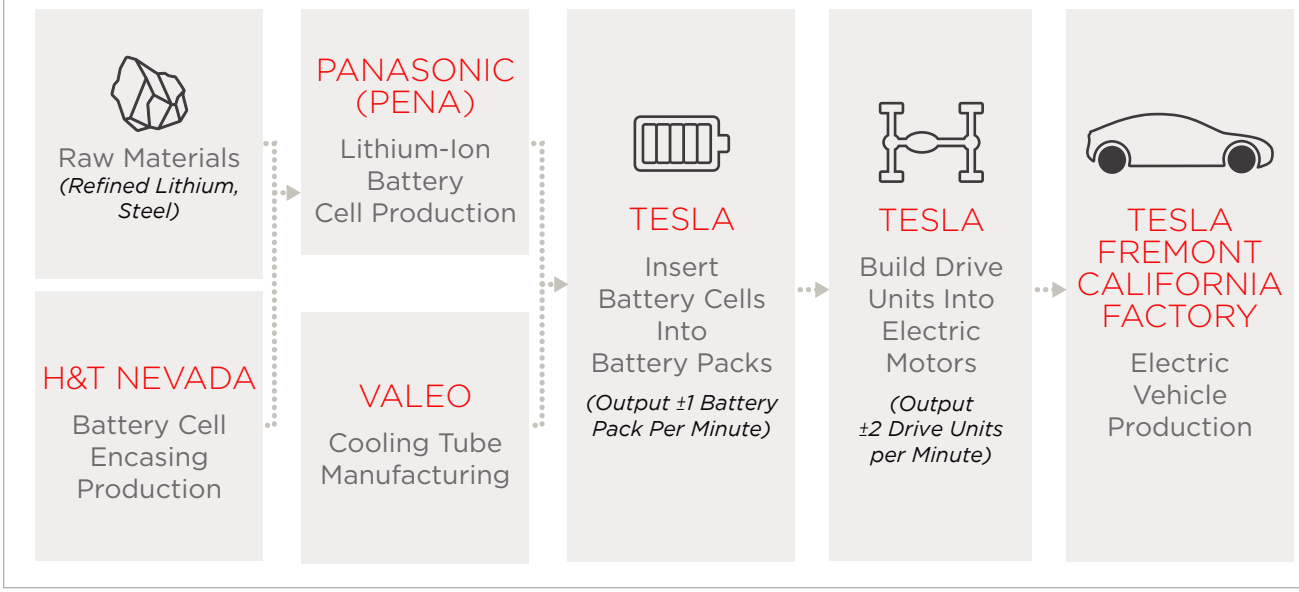
GIGAFACTORY NEVADA VENDORS

Panasonic

H&T Battery Components

Valeo

GIGA NEVADA SUPPLY CHAIN





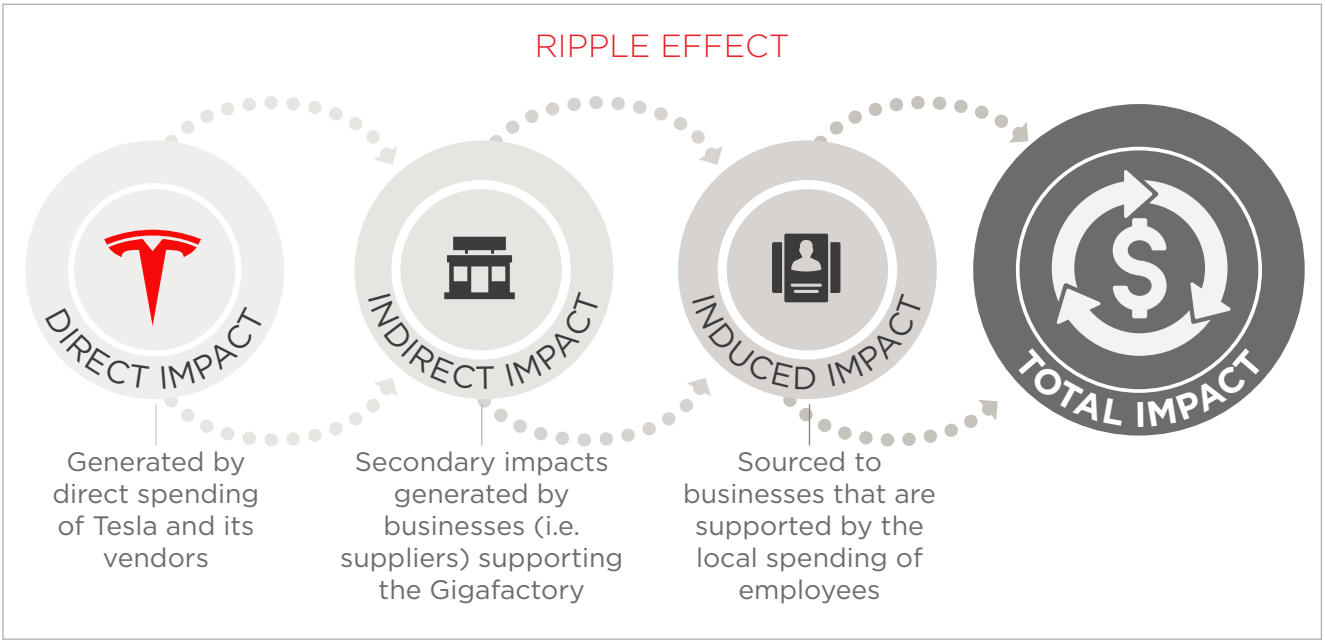
Defining Impacts, Approach and Methodology

Tesla engaged Nevada-based economic research firm Applied Analysis to analyze the economic and fiscal impacts of Gigafactory Nevada associated with the construction and subsequent operations of the facility, as well as qualitative community contributions the region has experienced as a result of investments from Tesla, PENA and other partners related to education, community betterment and environmental and health safety impacts.

Applied Analysis obtained data on the Gigafactory through quarterly and annual compliance audits required under the State of Nevada SB1 Incentive Compliance Agreement, as well as supplemental data provided by Tesla and its partners. An economic and fiscal impact assessment model was then created to estimate direct, indirect (supplier) and induced (employee spending) impacts within Nevada sourced to the Gigafactory since its inception. Although physically located in Storey County, impacts are realized in neighboring Washoe County and the balance of the state. This analysis does not consider activities outside of the site, including charging stations, energy warehousing and solar installation, all of which would increase the impacts outlined herein.

Types of Impacts Considered

ECONOMIC OUTPUT	SALARIES AND WAGES	EMPLOYMENT
Impact of total spending within the local economy	Impact on personal incomes for local residents	Impact on the number of jobs within the local economy



Economic impacts are measured in terms of jobs, salaries and wages and economic output (i.e. business receipts) in the local economy and are classified as either direct, indirect or induced. This report focuses on the Gigafactory's impact in Northern Nevada.

It is worth noting that impacts are generally classified into two broad categories of non-recurring and recurring impacts. Generally speaking, non-recurring impacts tend to reflect the one-time impacts associated with a development project (e.g., the construction of Giga Nevada). Further, not all expenditures associated with a project are expected to benefit the region. As such, economic impacts are only considered for portions of costs spent within the state. In addition, certain expenditures, such as land and existing building acquisitions, do not generate economic impacts and are therefore excluded from these types of analyses. Note, jobs during the construction phase are often tallied on a person-year basis since they are non-recurring by nature. Stated otherwise, one person working full-time for an entire year equates to one person-year of employment. On the other hand, recurring impacts tend to be reflective of the ongoing, annual impacts of operational activities (e.g., the number of employees working for a business located inside the Gigafactory building) and are therefore reported as yearly averages.



Economic Impacts

Construction

Construction of Gigafactory Nevada has occurred in phases to allow for operations to commence concurrently with ongoing expansion. Tesla, PENA and their related vendors have invested a total of $6.2 billion into the Gigafactory over the last eight years, including building construction, land acquisition and equipment purchases. While certain materials and equipment were sourced outside of the region, more than one-third ($2.0 billion) of this spending is assumed to have been incurred with local contractors and vendors, thus rippling throughout Nevada's economy.

Tesla broke ground on Gigafactory construction in June 2014 on 3,200 acres of land. Since then, Giga Nevada strategic vendors and Tesla have invested a total of $6.2 billion. Approximately $2.1 billion was spent on building development, with the remaining funds directed towards equipment purchases ($4.1 billion) and land ($42.0 million). The bulk of these capital expenditures occurred in fiscal years 2017 and 2018 and have resulted in a current Gigafactory footprint of 1.9 million square feet, housing 5.4 million square feet of operational space. Notably, as part of the Incentive Compliance

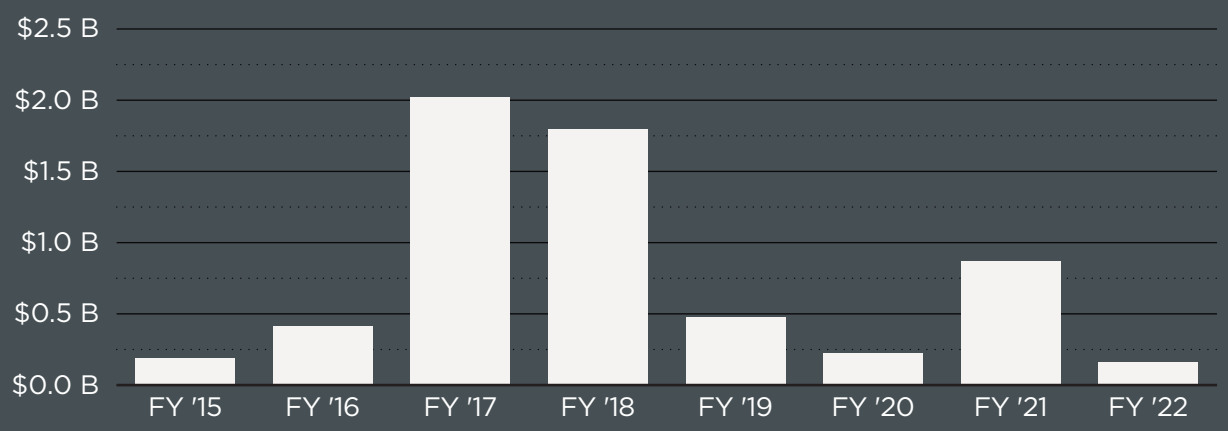
CAPITAL INVESTMENT

$6.2 B

Total Investment
(FY 2015 - 2022)

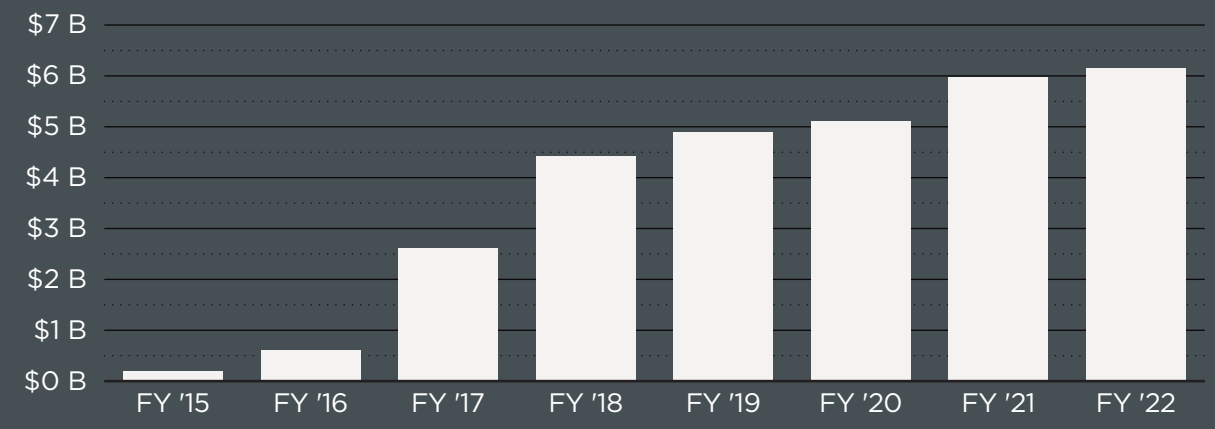


CAPITAL INVESTMENT BY YEAR



NOTE: Does not include land acquisitions of approximately $42.0 million.

CUMULATIVE CAPITAL INVESTMENT BY YEAR



NOTE: Does not include land acquisitions of approximately $42.0 million.

CUMULATIVE CONSTRUCTION ECONOMIC IMPACTS

$3.6 B	$1.5 B	21,237
Economic Output	Salaries and Wages	Employment *(Person-Years)*
$2.8 B Tesla	$1.3 B Tesla	17,614 Tesla
$0.7 B PENA	$0.2 B PENA	3,374 PENA
$0.1 B Balance of Vendors	$0.0 B Balance of Vendors	249 Balance of Vendors

ONE-TIME ECONOMIC IMPACTS

(FY 2015 - 2022)

	CONSTRUCTION	EQUIPMENT	TOTAL
Employment			
Direct	9,205	2,844	12,049
Indirect	1,688	2,244	3,932
Induced	3,700	1,556	5,256
Total	**14,593**	**6,644**	**21,237**
Salaries and Wages			
Direct	$764.5 M	$258.4 M	$1,023.0 M
Indirect	$101.9 M	$131.5 M	$233.4 M
Induced	$178.1 M	$78.6 M	$256.6 M
Total	**$1.0 B**	**$468.6 M**	**$1.5 B**
Economic Output			
Direct	$1,239.3 M	$810.2 M	$2,049.6 M
Indirect	$331.8 M	$365.1 M	$696.9 M
Induced	$605.7 M	$267.6 M	$873.3 M
Total	**$2.2 B**	**$1.4 B**	**$3.6 B**

Agreement reached with the State of Nevada, the Gigafactory project pledged to spend a minimum of $3.5 billion by June 30, 2024. With two years left in the reporting period, Tesla, PENA and their vendors have exceeded this minimum by $2.7 billion.

After accounting for the portion of one-time expenditures occurring in the state of Nevada, the Gigafactory has directly contributed $2.0 billion to the local economy. These investments supported more than 9,200 construction jobs and 2,800 wholesaler positions, equating to $1.0 billion in salaries and wages. When indirect (supplier purchases) and induced (employee spending) impacts are included, aggregate impacts swell to $3.6 billion in economic output, $1.5 billion in salaries and wages and 21,237 jobs.

GIGAFACTORY NEVADA
ANNUAL OUTPUT



+460 K
Battery Packs
(±1 per minute)



+1.1 M
Drive Units
(±2 per minute)



+330 K
Powerwalls
(±39 per hour)

Operations

Gigafactory Nevada's operations make it a sizable contributor to Storey, Washoe and the balance of Northern Nevada's counties. In addition to manufacturing battery packs for Tesla's electric vehicles, the factory produces electric motors and energy storage products, as well as materials needed for the company's newest semi-truck product line. In order to keep up with demand, Giga Nevada operates around the clock. Recent output metrics shows a tremendously productive facility. Ensuring these activities are maintained at appropriate levels requires a substantial labor force and is capital intensive. To date, the facility has generated $17.1 billion in total operational economic activity and $4.2 billion in salaries and wages paid to 17,399 employees (including direct, indirect and induced).

OPERATIONS IMPACT
2022 PROJECT TO DATE

	TOTAL	ANNUAL AVERAGE (FY 2015-2022)
Economic Output	$17.1 Billion	$2.1 Billion
Salaries and Wages	$4.2 Billion	$0.5 Billion
Employment[1]	17,399	8,117

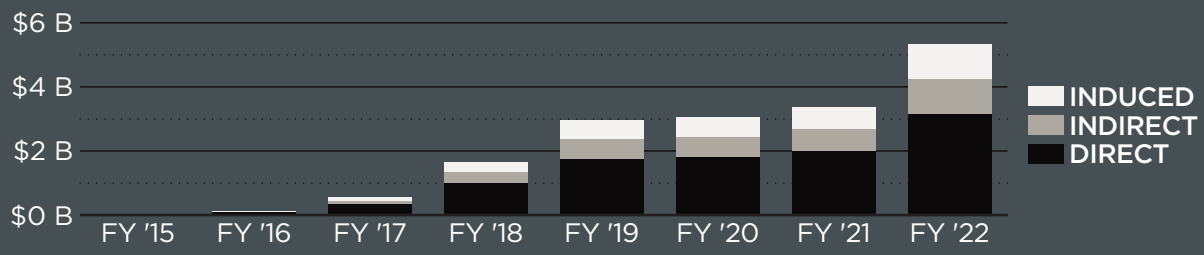
Note: [1]Total employment represents 2022 project-to-date values, not a cumulative total since operational employment numbers are not generally summed together.



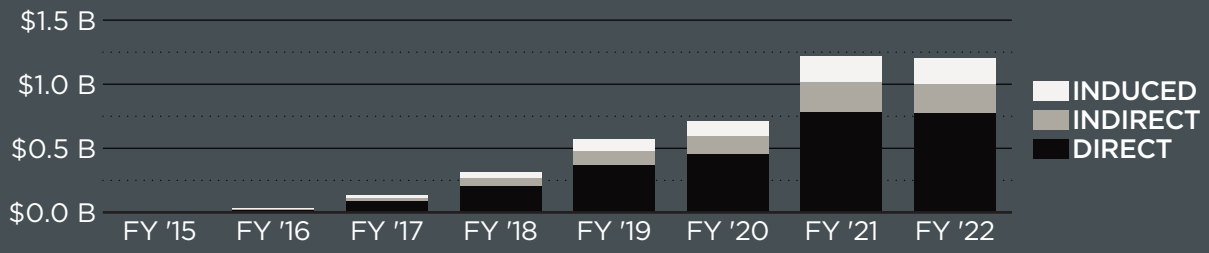
4,138

Suppliers, Vendors and Contractors Engaged To Date at Gigafactory Nevada

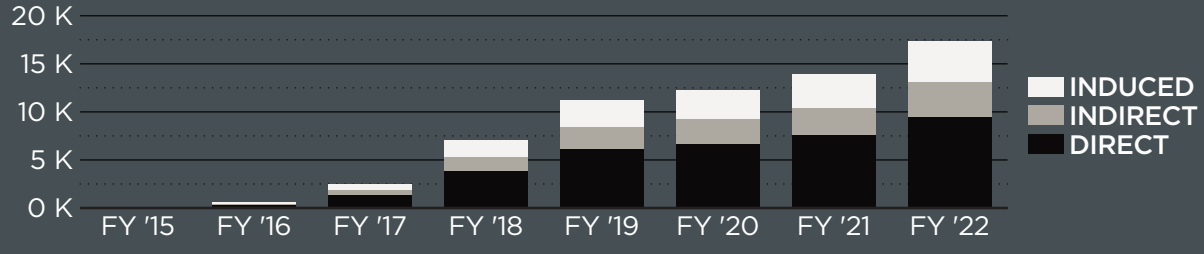
ECONOMIC OUTPUT
BY YEAR



SALARIES AND WAGES
BY YEAR



EMPLOYMENT
BY YEAR



Between fiscal year 2015 and 2022, operational investments at the Gigafactory have generated $10.0 billion in direct economic activity, equating to approximately $1.3 billion annually. Tesla and PENA also have an extensive network of suppliers, which generate additional impacts. Since inception of Giga Nevada, more than 4,100 supplier, vendors and contractors have been engaged, generating $3.6 billion in impact in Nevada ($447.5 million per year). Further, employee spending impacts added $3.5 billion ($431.5 million per year). The cumulative ripple effect over the last eight years totals $17.1 billion.

Tesla, PENA and H&T Nevada have ramped up employment at the Gigafactory since 2014. Currently, the facility has created 10,521 jobs for Storey County and neighboring counties. Nearly 90.0 percent of the workers (9,437) at the site are Nevada residents, far exceeding the 50.0 percent minimum required by the state. Based on the latest available data (June 2022), Giga Nevada's in-state employees comprise 14.8 percent of the total private manufacturing workforce in Nevada and 71.5 percent of the manufacturing workforce in Storey County.

After accounting for indirect and induced employment impacts of 7,962 (influenced only by the portion of workers in-state), a total of 17,399 positions were supported in 2022 by Giga Nevada and these numbers will only continue to increase based on yearly trends. Stated another way, every 10 jobs at the Gigafactory supports approximately 18 total jobs in the local economy.

Annual salaries and wages have also increased over the years. On average, $337.2 million in direct wages are paid out to Nevada employees at the Gigafactory, amounting to $2.7 billion in aggregate income since fiscal year 2015. Indirect and induced wages averaged an additional $185.6 million, totaling approximately $522.8 million. In aggregate between fiscal year 2015 and 2022, a total of $4.2 billion in salaries and wages were supported across Nevada.

The average wage per employee at the facility was $82,314 in 2022, which is 17.5 percent higher than the most recent reported private manufacturing wages in Nevada ($70,056). In fact, average hourly wages at Giga Nevada have generally exceeded the average for the manufacturing industry since operations began in earnest.

Gigafactory Nevada has had a substantial impact in Storey County over the years. In addition to direct economic impacts noted above, historical data shows that manufacturing employment and gross domestic product in the county significantly increased following entry to Tesla and its vendors. While not all attributable to Giga Nevada, there has undeniably been a shift in the overall economics of the county as a result of the construction and operations of the factory.



of Gigafactory Employees are Nevada Residents

AVERAGE HOURLY WAGE PER EMPLOYEE
MANUFACTURING

$42.35	$23.70
Gigafactory Nevada	State of Nevada

Note: Gigafactory Nevada data for project to date as of FY 2022; State of Nevada data most recent monthly data of November 2022.

17,399
Employment
(FY 2022)

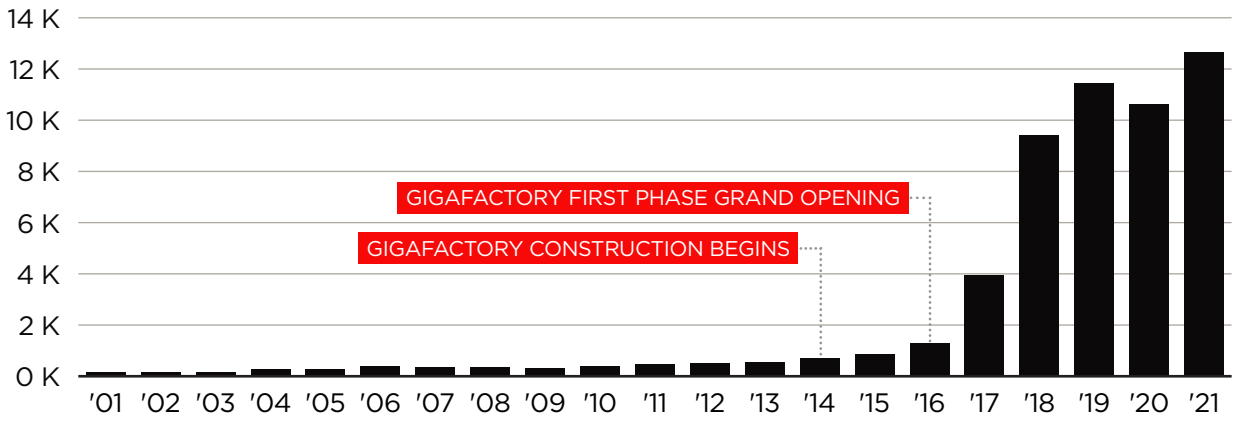
$4.2 B
Salaries and Wages
(FY 2015 - 2022)

$17.1 B
Economic Output
(FY 2015 - 2022)

OPERATIONAL IMPACTS BY YEAR

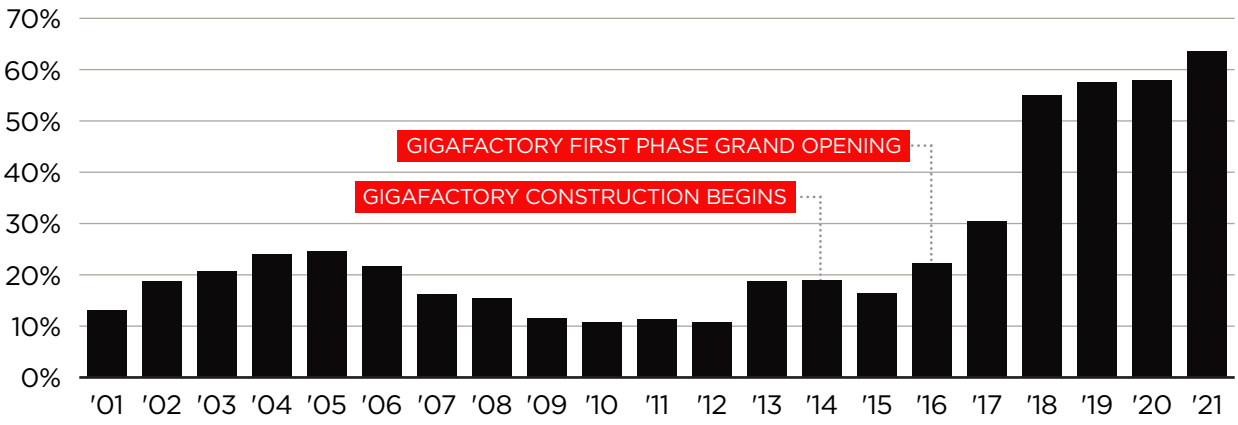
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Employment								
Direct	16	296	1,350	3,841	6,103	6,646	7,534	9,437
Indirect	6	114	518	1,475	2,343	2,551	2,892	3,623
Induced	7	136	621	1,766	2,806	3,056	3,464	4,339
Total	**29**	**546**	**2,489**	**7,082**	**11,252**	**12,253**	**13,890**	**17,399**
Salaries and Wages								
Direct	$1.4 M	$19.8 M	$84.8 M	$204.1 M	$369.1 M	$456.7 M	$785.3 M	$776.8 M
Indirect	$0.4 M	$5.8 M	$24.7 M	$59.4 M	$107.4 M	$132.9 M	$228.6 M	$226.1 M
Induced	$0.4 M	$5.1 M	$22.0 M	$52.9 M	$95.7 M	$118.4 M	$203.6 M	$201.4 M
Total	**$2.1 M**	**$30.7 M**	**$131.5 M**	**$316.5 M**	**$572.2 M**	**$708.0 M**	**$1,217.4 M**	**$1,204.3 M**
Economic Output								
Direct	$5.5 M	$76.1 M	$321.4 M	$976.3 M	$1,745.5 M	$1,794.3 M	$1,971.0 M	$3,131.7 M
Indirect	$2.0 M	$27.2 M	$114.8 M	$348.8 M	$623.6 M	$641.0 M	$704.2 M	$1,118.8 M
Induced	$1.9 M	$26.2 M	$110.7 M	$336.3 M	$601.3 M	$618.0 M	$678.9 M	$1,078.7 M
Total	**$9.4 M**	**$129.5 M**	**$546.9 M**	**$1,661.4 M**	**$2,970.4 M**	**$3,053.3 M**	**$3,354.1 M**	**$5,329.3 M**

MANUFACTURING EMPLOYMENT
STOREY COUNTY, NEVADA



12.0 K Manufacturing Jobs Since Tesla Entered the Market

MANUFACTURING GROSS DOMESTIC PRODUCT
AS A SHARE OF TOTAL GDP | STOREY COUNTY, NEVADA





Fiscal Impacts

Gigafactory Nevada was granted an incentive package including tax credits and tax abatements as part of the agreement made between Tesla and the State of Nevada in 2014. The benefit of approving these incentives lies in the significant impact generated in the local economy as a result of sustained capital investments and operations of the Gigafactory. Further, workers employed at the facility help to generate additional tax revenue through spending at local businesses and paying non-abated taxes on property in the area. Finally, new businesses attracted to the area due to Tesla and PENA's investments generate additional tax revenue in the areas of sales and use tax, modified business and property tax, among others.

As part of the incentive package offered by the state of Nevada, Tesla and its on-site vendors were granted both tax credits and tax abatements. The tax credits, repurposed from the existing Film Tax Credit and Insurance Home Office Tax Credit, were valued at $195.0 million and awarded based on the number of employees hired and capital invested. In order to receive the full value of these abatements, Tesla and its vendors needed to invest $3.5 billion and hire 6,000 employees (later revised to 6,500 by Tesla). As previously noted, the Gigafactory has far exceeded these numbers, with a workforce of 10,521 (9,437 in-state) and capital investments to date of $6.2 billion.

Among the tax subsidies were abatements on all local sales and use taxes until 2034 and abatements on modified business tax and property tax until 2024. In addition, Tesla was granted an economic development rate rider (EDRR) that provided discounts on energy usage. Most of the tax abatements expire in 2024, at which time a significant amount of additional public revenues will begin inuring to the state and local entities. In addition, Tesla has paid approximately $9.2 million in non-abated sales tax revenue to-date outside of the Gigafactory.

The true value of the incentives package lies in the additional investments spurred by having Tesla, PENA and the rest of the Gigafactory's vendors residing in Nevada. To date, Tesla and its vendors have invested 10.2 times the total incentives provided, which supported local construction workers and helped build a manufacturing infrastructure in Northern Nevada. Considering Tesla's operations at the Gigafactory are continuing to grow, additional benefits are expected far into the future.

Even more impressive, total economic output generated from Gigafactory operations has exceeded public subsidies by 28.2 times. Assuming that the facility will continue to operate well into the future, it is expected that the return on investment from these incentives will grow to become more substantial with every passing year.

Although the Gigafactory has received tax abatements, tax revenue generated by on-site employees and suppliers is significant. Assuming the majority of these employees work and live in Northern Nevada, public revenues stemming from sales and use tax and property tax have likely inured to the benefit of the state, education and local governments. Further, suppliers not residing in Giga Nevada are subject to modified business tax. Since 2014, a total of $117.9 million in tax revenue is likely to have been generated indirectly by factory employees and suppliers to the benefit of the state of Nevada, education and counties and other local entities.

The largest public revenues are derived from sales and use taxes, comprising $65.3 million, or 55.3 percent, of the additional taxes generated over the last eight years. The bulk of this revenue inures to the benefit education (38.0 percent of total) and counties and other local governments (30.3 percent of total).

Property tax collections represented 36.3 percent of total indirect public revenue ($42.8 million), followed by modified business tax with $9.9 million in taxes. The largest share of property tax revenues was received by counties and other local governments ($27.1 million or 63.4 percent of total) and education ($13.6 million), with the balance ($2.0 million) directed towards the state. Modified business tax inures entirely to the benefit of the state general fund.

Further evidence of Tesla's impact in the market is illustrated in the significant increases seen in Storey County's general fund tax revenues since the Gigafactory commenced operations. Prior to Tesla's arrival (2010-2016), the County's general fund tax revenue remained relatively consistent, averaging $11.9 million per year. However, between 2016 and 2022, general fund tax revenues increased by $8.5 million (+72.2 percent) to $20.3 million, demonstrating the value of the Gigafactory for market.

ECONOMIC RETURN ON PUBLIC INVESTMENT



The tax incentives received by Tesla and its vendors spurred additional community investments

Tesla and its vendors invested

10.2x

the amount of the public investment

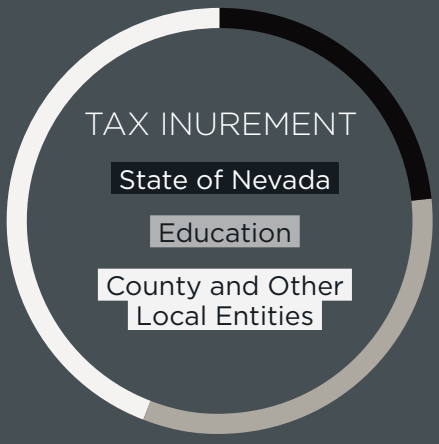
Gigafactory Nevada has stimulated

28.2x

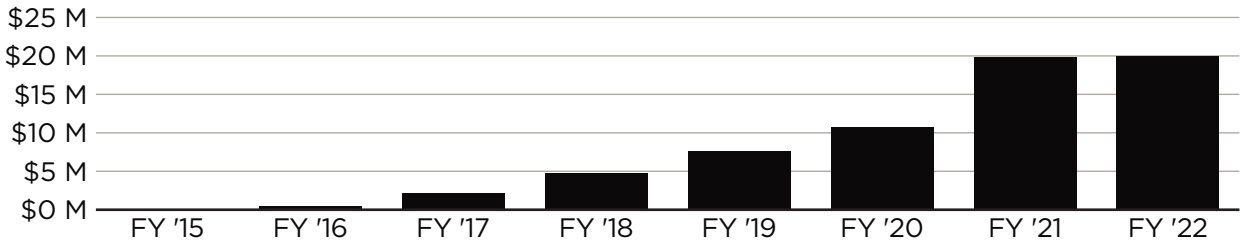
the economic activity of the public investment

EMPLOYEE AND VENDOR TAX REVENUES
FY 2015 - 2022

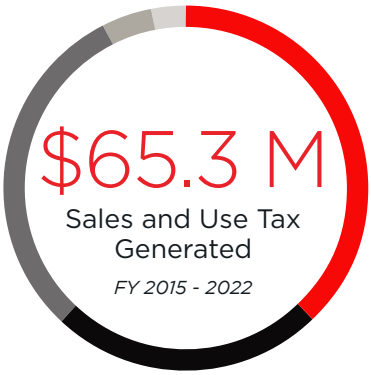
TAX TYPE	
Sales and Use Tax	$65.3 M
Property Tax	$42.8 M
Modified Business Tax	$9.9 M
Total	**$117.9 M**
TAX INUREMENT	
State of Nevada	$27.7 M
Education	$38.4 M
County and Other Local Entities	$51.8 M
Total	**$117.9 M**



EMPLOYEE AND VENDOR SALES AND USE TAX REVENUE

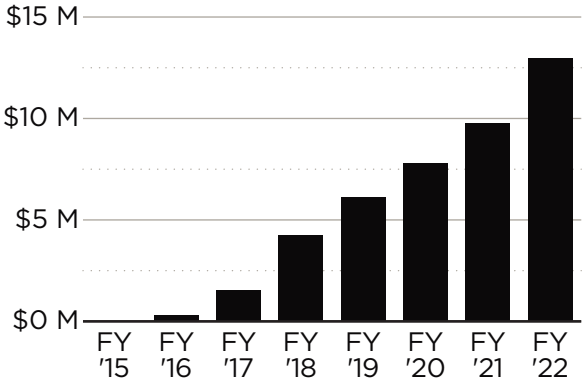


EMPLOYEE AND VENDOR SALES AND USE TAX REVENUE

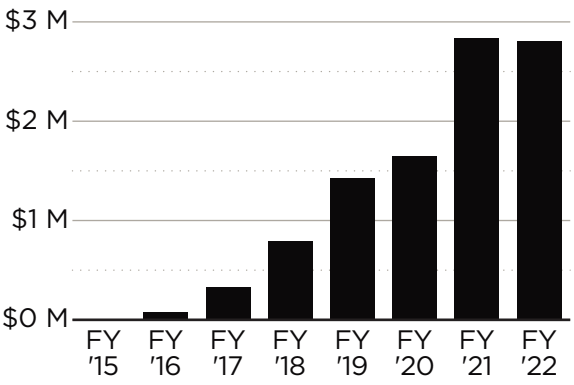


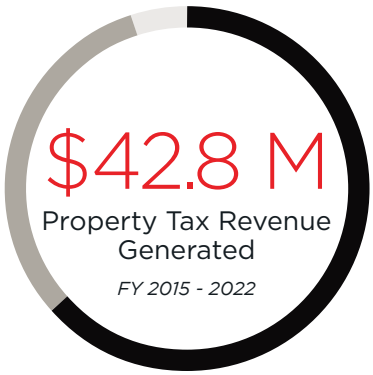
$24.8 M	Education
$15.8 M	State of Nevada
$19.7 M	County and Other Local Governments
$3.0 M	Regional Transportation
$2.0 M	Public Works

EMPLOYEE AND VENDOR PROPERTY TAX REVENUE



EMPLOYEE AND VENDOR MODIFIED BUSINESS TAX





DISTRIBUTION OF PROPERTY TAX REVENUE

$2.0 M	State of Nevada
$13.6 M	Education
$27.1 M	County and Other Local Governments



Community Engagement

Tesla, PENA and the vendors within Gigafactory Nevada have made lasting impacts on the local community beyond those realized at an economic and fiscal level. Significant investments within the community have helped promote transformation of key causes. Among these, investments in K-12 education, workplace safety initiatives aimed at employee well-being and environmental strategies curated to improve community health. Further, the construction of the Gigafactory has stimulated additional development and follow-on investments in Storey County and surrounding regions related to promoting business relocation, expansion and new business development.

> “
>
> WE ARE FOCUSED ON DIRECTLY SUPPORTING THE DEVELOPMENT OF FUTURE ENGINEERS IN NEVADA
>
> —TESLA

Creating a Strong Education Infrastructure

As part of the incentive agreement, Tesla committed to investing $37.5 million starting in 2018 to K-12 education through the Nevada Department of Education's Education Gift Fund. Driven by feedback from an advisory committee comprised of local leaders as well as the Department of Education, School District Career and Technical Education leadership and research on the community, Tesla focused investment activity on helping to develop future engineers in Nevada. As such, education-related investments centered around four key categories, including 1) innovative programs, 2) teacher development, 3) infrastructure and 4) pathways to employment. Between 2018 and 2022, the company invested $33.0 million across 33 different causes, organizations and programs, with plans to invest an additional $4.5 million in 2023. Further, Tesla has utilized its extensive workforce to create a volunteer infrastructure that complements its financial gifts, in which employees volunteer in classrooms, act as coaches/mentors and lead tours, among other things. Tesla plans to continue making quarterly investments into the Education Gift Fund and has a longer-term goal of developing "open source" curriculums, programs and exhibits that can be easily adapted by educators and in other states at a lower cost. The following pages highlight various programs that Tesla has invested in and the impact seen around the state.

K-12 INVESTMENT
(2018-2022)

	TOTAL INVESTMENT	NUMBER OF ORGANIZATIONS
Robotics	$17.4 M	9
Sustainability	$7.6 M	10
STEAM Programming	$4.0 M	5
Workforce Development	$4.0 M	9
TOTAL INVESTMENT	**$33.0 M**	**33**
Additional Planned Investments in 2023	$4.5 M	
GRAND TOTAL	**$37.5 M**	

Note: Other expenses are included under Workforce Development

K-12 INVESTMENT FOCUS
ACCELERATING ROBOTICS, STEAM AND SUSTAINABILITY IN NEVADA'S EDUCATION SYSTEM THROUGH FUNDING



Innovative Programs



Teacher Development



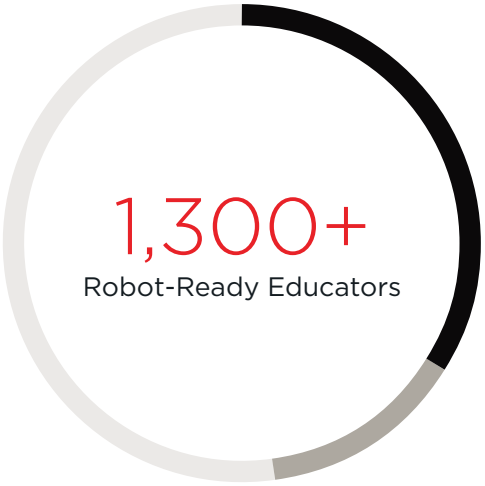
Infrastructure



Pathways to Employment

Education Focus: Robotics

NEVADA ROBOTICS COMMUNITY IMPACTS TO DATE



52% Southern Nevada
(Clark County School District)

34% Northern Nevada
(Washoe, Carson, Douglas, Lyon, Pyramid and Storey County School Districts)

14% Rural Nevada
(Elko, White Pine, Lander, Pershing, Mineral, Humboldt, Churchill, Nye County School Districts)

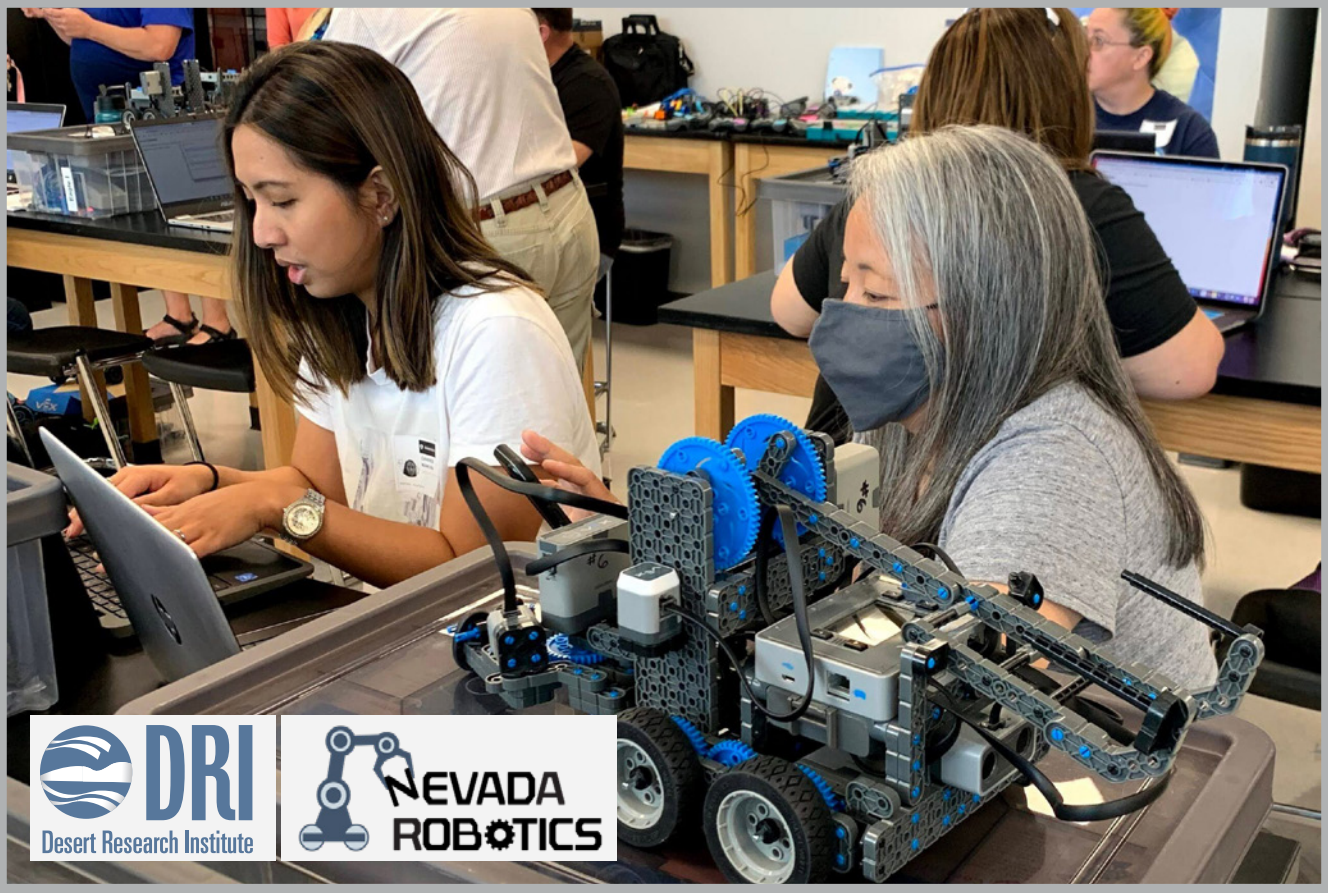
130 K+
Classroom Students Reached

37+
Trainings Since 2018

250+
Hours Robotic Support in Classrooms

600+
Robots in Robot Lending Library

200+
Future Teachers Trained at all 7 NSHE Institutions
(UNR, TMCC, WNC, GBC, UNLV, CSN and NSC)





PROGRAM SPOTLIGHT: NEVADA ROBOTICS BY THE DESERT RESEARCH INSTITUTE

Nevada Robotics was founded in 2018 by donations from Tesla and Nevada Gold Mines with a mission for all students across Nevada to think creatively and solve complex problems through hands-on robotics education. To that end, the program focuses on training educators with appropriate skills to teach robotics and STEAM, building lessons and lending out robots to classrooms for teachers to utilize and promoting STEAM and robotics opportunities through field trips, competitions and career resources for students. The $2.6 million Tesla has invested in Nevada Robotics since 2018 have helped contribute to the significant impacts the program has created in the state's education system, namely creating a channel of trained educators that can help students enter the STEAM pipeline.

"

The impact of investments from Tesla and Panasonic, and the support they have brought to Nevada in terms of Robotics, Manufacturing, and STEM education support has been incredible. Here in Washoe County School District (WCSD), the greatest long-term investment has been funding to support the addition of a full-time Robotics Programming Coordinator. Through this position, WCSD and its Career Technical Education (CTE) Department has been able to coordinate the combined efforts and contributions from multiple community partners such as EDAWN, University of Nevada-Reno, the Desert Research Institute, PBS Reno, and multiple non-profit robotics supporters like FIRST Nevada and the REC Foundation.

Working together with community partners, starting in 2017 and continuing through 2022, WCSD has worked to expand robotics education opportunities in every high school, every middle school, and roughly 60 elementary schools. While robotics engagement varies in scope and scale from year to year based on staffing and support, our robotics programming has grown significantly across the board. Robotics programming available in WCSD ranges from teacher trainings provided by DRI classroom workshops delivered by PBS Reno, from community robotics teams supported by EDAWN and UNR to robotics competitions with FIRST Nevada and REC Foundation, and now robotics courses in WCSD middle and high schools.

Encouraged by community partners and supporters, CTE-related programs have experienced significant growth in STEM offerings and participation across both middle and high schools. WCSD currently has more than 6,400 students enrolled in STEM related middle and high school courses including: STEM Lab courses, Project Lead the Way Engineering, Computer Science, Manufacturing Technologies, Robotics Engineering, and Cybersecurity

— JOSH HARTZOG, DIRECTOR, DEPARTMENT OF SIGNATURE ACADEMIES & CAREER TECHNICAL EDUCATION, WASHOE COUNTY SCHOOL DISTRICT

Education Focus: Sustainability

PROGRAM SPOTLIGHT: THE TERRY LEE WELLS NEVADA DISCOVERY MUSEUM



Sponsored by a $1.4 million donation from Tesla, the Terry Lee Wells Nevada Discovery Museum ("The Discovery") in Reno installed a recently opened permanent exhibition that focuses on teaching the public about energy generation, consumption and storage through interactive exhibits. The bilingual nature of the exhibit encourages diverse populations to explore the concepts surrounding sustainability and pursue sustainability sector careers. Further, an "open-source" design will allow for this exhibit to be installed at other museums around the country at a reduced cost, thus multiplying the impact this investment will have on the future of sustainability education.



THE DISCOVERY ENERGY/ENERGÍA COMMUNITY IMPACTS

1,200
Square feet

18
Hands-on exhibits

200,000
Visitors expected per year

(15,00 students
3,000 teachers and caregivers)

Bilingual exhibition

Open-source design allows for nationwide replication

Education Focus: Science, Technology, Engineering, Arts and Mathematics (STEAM) Programming

PROGRAM SPOTLIGHT: SAE FOUNDATION – A WORLD IN MOTION

The SAE Foundation has partnered with Tesla to receive a four-year $1.5 million dollar grant (of which $1.1 million has been received to date) to implement A World In Motion (AWIM) throughout Nevada to students in kindergarten through eighth grade. The program is designed to train teachers as well as provide equitable access to STEAM education. The SAE Foundation's programs have shown positive impacts in terms of reaching a diverse student base, improving math and science scores and increasing awareness and interest in engineering careers.

SAE FOUNDATION – A WORLD IN MOTION COMMUNITY IMPACTS

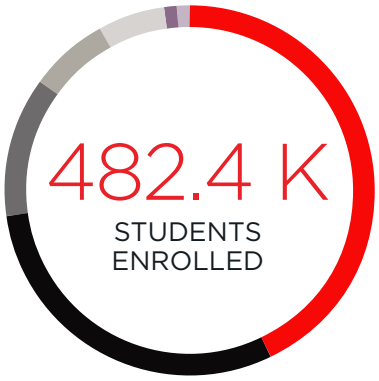
14,700
Students provided hands-on STEAM programming over two years

130+
Nevada K-8 teachers provided professional development

500+
Classrooms Impacted

SAE FOUNDATION PROVIDES INCREASED STEAM OPPORTUNITIES FOR DIVERSE POPULATIONS ACROSS NEVADA

482,400 STUDENTS ENROLLED IN SAE FOUNDATION PROGRAMS



43%	Hispanic
30%	White
12%	Black
7%	Two or More Races
6%	Asian
1%	Pacific Islander
1%	American Indian

Education Focus: Workforce Development

Communities In Schools Nevada · Nevada Department of Education Nevada Ready! · Nevada Women's Fund · J4NG Jobs for Nevada's Graduates · OSIT Nevada Governor's Office of Science, Innovation and Technology · Roadtrip Nation · TMCC Truckee Meadows Community College · Washoe K-12 Education Foundation Believe & Invest · Western Nevada College Foundation ~ Choose to make a difference ~

J4NG COMMUNITY IMPACTS

559
New students served

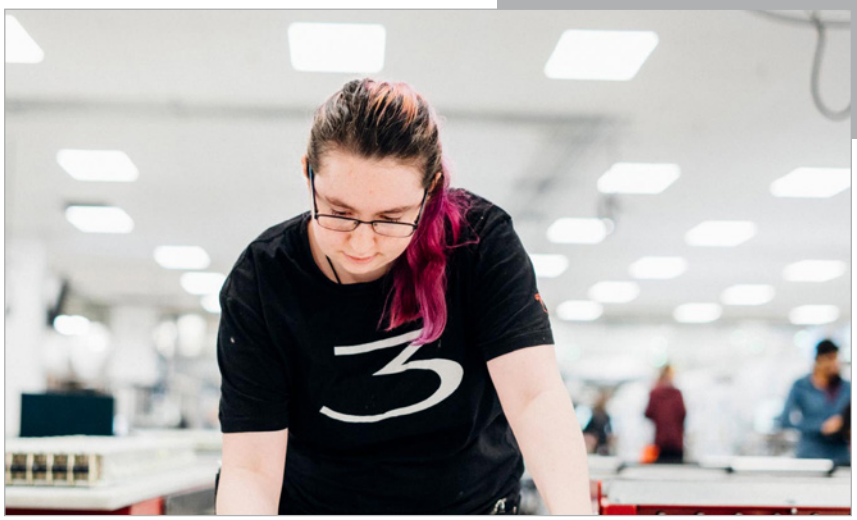
9
New schools added

151
Visits to pathway employers

4,346
Youth provided with employment/ training opportunities

PROGRAM SPOTLIGHT: JOBS FOR NEVADA'S GRADUATES, INC

Jobs for Nevada's Graduates, Inc ("J4NG") was established by the state of Nevada in 2013 as a way to help vulnerable students graduate high school and successfully enter the workforce through mentorship that includes at least 120 hours of contact hours per student per year. To date, Tesla has donated $1.7 million to expand the J4NG program. This included providing additional career pathways in key Nevada industries with upward mobility. Gigafactory Nevada's Manufacturing Development Program, which provides training and paid apprenticeship opportunities to graduating seniors pursuing careers in manufacturing, partners with J4NG to allow for up to 25 students to enter the program per year. The expansion of J4NG afforded by Tesla's investments has increased the number of students impacted by the program.



"

We have been deeply engaged with both Panasonic and Tesla since the initial Gigafactory announcement, and our students and our institution have greatly benefitted from their presence in the Tahoe Reno Industrial Center. Numerous projects of ours over the past 5 years have been driven by the education and training needed to provide diverse career opportunities for job seekers in the region in advanced manufacturing opportunities.

The College has recently partnered with Panasonic Energy North America (PENA) as part of the Nevada Governor's Office of Economic Development (GOED) initiative to institute a training center for developing skilled maintenance workers in order to meet a rapidly increasing production demand. In 2017, the College partnered with Panasonic on an accelerated program called the Panasonic Preferred Pathway which included multiple manufacturing credentials, to serve approximately 400 students.

The programs we have developed to serve the Gigafactory have contributed to the expansion of the TMCC William N. Pennington Applied Technology Center. The number of students who have benefitted from Tesla and Panasonic training programs in academic year 2021 and the current academic year will total 645. The College also has a robust apprenticeship program that has included 170 Tesla and Panasonic employees since 2020. Training opportunities have bolstered enrollment and expanded our partnership with ACE High School as well as provided dual credit opportunities for Washoe County High School students who take advanced manufacturing courses for college credit. Students have left the College with industry recognized credentials or degrees related to manufacturing and associated industries.

Far-reaching benefits related to the establishment of Tesla and Panasonic in the region are the expanded awareness of, and the support for, STEM education in the community, their contributions to promote robotics and coding within our school district and the creation of jobs across multiple disciplines for jobs seekers in Northern Nevada.

-DR. KARIN HILGERSOM, PRESIDENT, TRUCKEE MEADOWS COMMUNITY COLLEGE

Creating a Safe Working Environment

Gigafactory Nevada's employees are of utmost importance to Tesla and its vendors. Tesla continuously strives to create better working conditions for its employees and maintain the highest safety standard possible to keep workers healthy. Tesla continues to integrate industry leading approaches to workplace safety, recognizing the definition of safety is not the absence of incidents, but rather the presence of safeguards, engaged workers and agility. The company demonstrates its continuing commitment to its employees by pursuing certifications, such as the Voluntary Protection Programs ("VPP"), which requires rigorous evaluation and compliance before it is awarded.

> "APPROVAL INTO VPP IS OSHA'S OFFICIAL RECOGNITION OF THE OUTSTANDING EFFORTS OF EMPLOYERS AND EMPLOYEES WHO HAVE ACHIEVED EXEMPLARY OCCUPATIONAL SAFETY AND HEALTH
>
> -OSHA

The Occupational Safety and Health Administration ("OSHA") created the Voluntary Protection Programs in 1982 to help promote work-site safety and health. Gigafactory Nevada was the first Tesla site to successfully submit and have an OSHA VPP application accepted by the program. Giga Nevada is actively partnering with Nevada OSHA's Safety Consultation and Training Section (SCATS) to complete the VPP evaluation process. VPP Status would recognize Tesla's employees and leaders who all participate in building and continuously improving workplace safety. Long-term research of the VPP program by OSHA shows that sites accepted into program has 52 percent less cases of Days Away Restricted or Transferred (DART) as compared to the average for an industry.



Creating a Sustainable Environment

> SUSTAINABILITY DRIVES US. AND NOT JUST OUR PRODUCTS – IT DRIVES OUR VALUES AND MISSION AS A COMPANY
>
> —TESLA

Tesla and its vendors are committed to finding ways to reduce their carbon footprint and the impact on the environment. In addition, they are working to ensure that the natural environment, including the animals, plants and soil around the Gigafactory, are protected and able to thrive. Several in-house strategies have been undertaken at the Gigafactory related to waste management, renewable energy and habitat protection that are key to meeting these goals. Further, partnerships with environmental groups, nonprofit organizations and research institutions are central to helping foster a flourishing natural environment for the community far into the future.

Gigafactory Nevada approaches its conservation strategies from two directions: 1) implementing utility management plans within the Gigafactory (e.g. renewable energy, thermal controls, waste management, water conservation) aimed at developing a sustainable factory and 2) identifying ways to restore, protect and enhance the natural environment and wildlife existing around the property.

Gigafactory Sustainability

Nationally and internationally, Tesla has implemented large-scale sustainability plans that are implemented at its facilities around the world. Gigafactory Nevada has helped make substantial contributions to the company's environmental goals, which benefit Nevada as a whole through improving overall community health, reducing greenhouse gas emissions, minimizing the load pulled from the grid and helping fight pollution. Specific environmental accomplishments that have come out of the factory include the following:

- 75 percent of total waste is diverted from landfills through recycling methods
- Future advanced wastewater treatment plant (slated to come online in 2023) will allow the factory to recycle 90 percent of process water onsite (process water accounts for 90 percent of total water draw)
- Bolster the domestic supply chain by building on-site battery recycling capacity of precious metals and critical supply chain raw materials. Using domestic company partnerships, Tesla is building up a sustainable, circular supply chain through battery recycling, which helps to extract these critical materials in the United Sates, and Nevada in particular, as opposed to traditional international supply chains. Gigafactory Nevada is currently piloting an on-site cell recycling facility of critical reusable cell materials at demonstration scale - by year's end, Tesla intends to achieve industrial-scale operation

- Artificial intelligence-powered climate control system (implemented in 2021) has provided year-to-date energy Gigafactory Nevada savings of 10,242.4 MWh, or the equivalent of driving the average Tesla to the moon and back 63 times
- Supported research and development efforts to utilize new sources of responsibly sourced lithium battery raw materials



SUSTAINABILITY HIGHLIGHT: TESLA SEMI

Heavy duty trucks comprise only 10 percent of the vehicle fleet. However, they generate over one quarter of greenhouse gas emissions from vehicle sources. Additionally, medium and heavy duty trucks are the highest polluting vehicle types, contributing to respiratory disease, especially among vulnerable populations. It is clear that electrifying heavy-duty trucks is an important step to helping transition the world to sustainable energy. With this knowledge, Tesla set out to create a semi-truck that would reduce total emissions caused by these types of vehicles. Gigafactory Nevada is the home of the Tesla Semi, a first-of-its-kind, fully electric 18-wheel vehicle capable of making mid-range hauls up to 500 miles. Further, the Tesla Semi consumes less than 2 kWh of energy per mile and will provide estimated fuel savings of up to $200,000 over three years. Initial semi-truck deliveries began in December 2022.

Natural Environment Sustainability

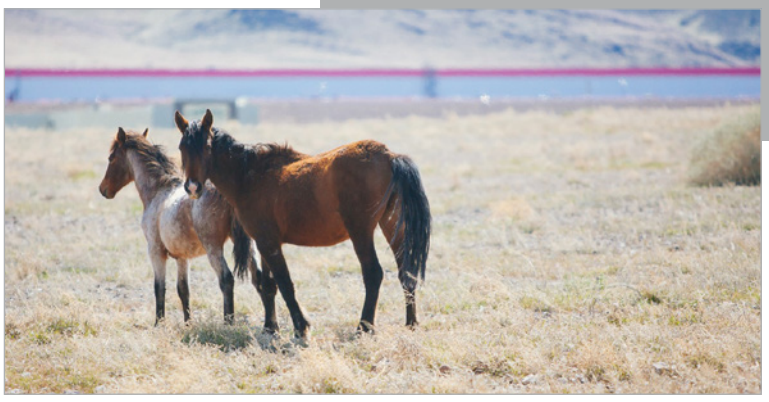
In the areas surrounding the Gigafactory, Tesla has undertaken several strategies meant to restore and protect wildlife and natural habitats. Specific achievements include the following:

- Planted 600+ seedlings along two exposed slopes for habitat restoration and soil stabilization
- Hosted the first ever employee involvement event for Earth Day
- Added pitting to side slopes to prevent erosion

In addition, Tesla has formed several partnerships with outside organizations to address specific topics and develop environmental mitigations plans specific to the unique environment surrounding the Gigafactory. In addition to partnering with the Wild Horse Connection (see partnership spotlight), Tesla has collaborated with the University of Nevada Las Vegas Conservation Ecology Laboratory (UNLV) to build a knowledge base of the Tahoe Reno Industrial center ecology and identify optimal land management methods for the more than 3,000 acres of high desert landscape it owns. One effort has included studying soil restoration techniques on the Gigafactory property to provide guidance to Tesla Environmental, Facilities and Construction teams on the best ways to manage and repair exposed soil around the property. More recently, Tesla's Environmental team, UNLV scientists and volunteers initiated a series of biodiversity surveys on the Gigafactory property. These surveys are aimed at facilitating a quantitative baseline understanding of the flora and fauna around the property, with an emphasis on flowering plants, birds and pollinators in order to identify key areas of interest, guide the direction of future sustainability projects and evaluate the successes of projects over time. Ongoing research stemming from the partnership with UNLV will focus on the best management practices for restoring and preserving Nevada habitats impacted by human activity and will help support regional conservation efforts at parks, universities and on public land.

PARTNERSHIP SPOTLIGHT: WILD HORSE CONNECTION

According to the Bureau of Land Management, Nevada is home to nearly 82,400 wild horses and burros. Some of these herds exist near Tesla property and part of protecting them involves strategies to minimize interactions with humans. During drought times, the horses are drawn onto Gigafactory Nevada property and near the factory in search of water, which leads to increased exposure to vehicles, heavy equipment and people. Tesla worked with Wild Horse Connection, a nonprofit equine protection agency, to develop a plan aimed at diverting the horses away from the Gigafactory and towards safer water sources. Under this plan, a new watering station was installed along the south end of Electric Avenue. The station will be kept full during drought periods so as to entice horses away from the plant and back towards the unoccupied portions of the property.



Follow-On Investments

Since Tesla, PENA and their onsite vendors moved into TRIC and built Gigafactory Nevada, additional community benefits have been derived from businesses that reside in the area or relocated to the region as a result of Tesla's initial investments. A sampling of these impacts is included below.



"

The addition of Tesla to Northern Nevada had allowed us to plan and execute the rebirth of old downtown Sparks into a lifestyle district with a modern luxury 13 plex theater, urban winery, eateries, craft beer operation, outdoor amphitheater with headliner entertainment, approximately 1,000 multi-family units built to date and 400-500 more planned. The increase in payroll, disposable income has provided a sub market of living and entertainment that benefits all residents of Reno and Sparks. It has allowed us to densify land near I-80 which reduces traffic that would otherwise be tied to living units farther away from traffic arterials. The economic impact of Tesla has made downtown Sparks once again a place of vitality and high quality living while adding significant taxes for public needs.

-J CARTER WITT III, SILVERWING DEVELOPMENT

"

Since the initial Gigafactory announcement, we have greatly benefitted from the presence of both Tesla and Panasonic in our region. Numerous projects of ours over the past 5 years have a component which is related to the establishment of the Gigafactory in the Reno Tahoe Industrial Center (TRI).

Roundabout™

From our café inside of the Gigafactory we have generated $10 million dollars in sales from our launch there 5 years ago. For 2 years we also fed Panasonic employees breakfast each and every day, greatly affecting our bottom line at Roundabout Grill. Tesla and the Gigafactory also contribute to our sales through multiple very large catering events every year.

While it is difficult to quantify the exact economic impact for the far-reaching commerce related to the establishment of Tesla and Panasonic in the region, I can personally say that I have experienced substantial and sustained growth of my business as a result of the decision by Tesla and Panasonic to located in the Reno/Sparks area.

We believe we are only one of many who have grown, in part, as a result of their presence in the region, and are happy to support their continued growth and success in Northern Nevada.

-COLIN SMITH, EXECUTIVE CHEF AND OWNER, ROUNDABOUT CATERING & PARTY RENTALS, SMITH AND RIVER, THE CAFÉ BY ROUNDABOUT



Limitations and Key Assumptions

The economic impact analysis uses available data from the quarterly and annual audit reports required as a part of the State of Nevada SB1 Incentive Compliance Agreement. The reports utilized spanned from October 17, 2014 to June 30, 2022. Supplemental data was obtained from Tesla and its strategic vendors for this same time period.

Study Area and Focus

For the purposes of this report, the study areas included Storey County, Washoe County and the balance of counties in Northern Nevada. While the Gigafactory is physically located in Storey County, the impacts span much further, including into the urban core of Northern Nevada.

This report focuses on the economic, fiscal and community benefits generated specifically as a result of the construction and operation of Gigafactory Nevada. It does not take into account other business segments of any of the vendors that would generate additional economic impacts in the region. This includes, for example, Tesla's charging stations, energy warehousing and solar installation.

IMPLAN

IMPLAN Model

In connection with information provided by Nevada Gigafactory, the IMPLAN model was used as a technique to estimate the overall impacts generated by the investment and recurring operations of Tesla and its vendors at the Gigafactory.

- 1 of 3 nationally recognized impact analysis software tools
- Developed by Minnesota IMPLAN Group, Inc. and used by more than 1,000 public and private institutions
- IMPLAN is an input-output model that utilizes complex economic equations to explain how the "outputs" of one industry become the "inputs" of others and vice versa
- This relationship is sometimes referred to as the "multiplier effect," illustrating how changes in one sector of the economy can affect other sectors

Limitations and Assumptions

Input-output models, as is the case with all econometric models, are not without their limitations; the statistical model used in this analysis, IMPLAN, for example, assumes that capital and labor are used in fixed proportions. This means that for every job created or lost, a fixed change in investment, income and employment results

In reality, developers, consumers and governments respond to stimuli in complex ways, including changing the mix of capital or labor as well as the types and frequencies of investment. Importantly, each impacting force has its own unique characteristics, affecting how consumers and businesses respond to the given change.

Development

Total construction employees with Nevada residency were attributed to either Tesla, PENA, H&T Nevada or Valeo based on reported capital expenditures for building/structure and building/structure construction in progress (CIP). Personal property acquisitions were modeled as wholesale purchases and are reflective of impacts within this industry and jobs supported a result of purchases made for the Gigafactory project. Land purchases were excluded from the analysis as transfers of assets do not generate economic activity within the local economy.

Operations

Total employees were used each year to identify a cumulative workforce. Only qualified employees classified as Nevada residents were included in the analysis as generating impacts in the local economy.

Fiscal Impacts

Major Nevada public revenues were estimated from publicly available information for sales and use tax, property tax and modified business tax. Certain assumptions were made based on provided company information.

Appendix

Appendix 1 - One-Time Economic Impacts

CONSTRUCTION

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
Employment									
Direct	916	1,514	3,663	2,172	573	179	131	57	9,205
Indirect	168	278	672	398	105	33	24	10	1,688
Induced	368	609	1,472	873	230	72	53	23	3,700
Total	**1,452**	**2,400**	**5,807**	**3,443**	**908**	**284**	**208**	**90**	**14,593**
Salaries and Wages									
Direct	$76.6 M	$103.4 M	$223.2 M	$183.8 M	$156.7 M	$14.0 M	$3.8 M	$3.0 M	$764.5 M
Indirect	$10.2 M	$13.8 M	$29.7 M	$24.5 M	$20.9 M	$1.9 M	$0.5 M	$0.4 M	$101.9 M
Induced	$17.8 M	$24.1 M	$52.0 M	$42.8 M	$36.5 M	$3.3 M	$0.9 M	$0.7 M	$178.1 M
Total	**$104.7 M**	**$141.3 M**	**$305.0 M**	**$251.1 M**	**$214.0 M**	**$19.1 M**	**$5.2 M**	**$4.1 M**	**$1,044.5 M**
Economic Output									
Direct	$124.2 M	$167.7 M	$361.9 M	$297.9 M	$254.0 M	$22.6 M	$6.2 M	$4.9 M	$1,239.3 M
Indirect	$33.3 M	$44.9 M	$96.9 M	$79.8 M	$68.0 M	$6.1 M	$1.7 M	$1.3 M	$331.8 M
Induced	$60.7 M	$81.9 M	$176.9 M	$145.6 M	$124.1 M	$11.1 M	$3.0 M	$2.4 M	$605.7 M
Total	**$218.2 M**	**$294.5 M**	**$635.6 M**	**$523.3 M**	**$446.1 M**	**$39.8 M**	**$10.9 M**	**$8.6 M**	**$2,176.9 M**

EQUIPMENT PURCHASES

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
Employment									
Direct	2	126	868	900	103	138	599	107	2,844
Indirect	2	99	685	710	82	109	473	84	2,244
Induced	1	69	475	492	57	76	328	58	1,556
Total	**5**	**293**	**2,029**	**2,102**	**241**	**323**	**1,400**	**250**	**6,644**
Salaries and Wages									
Direct	$0.2 M	$11.4 M	$78.9 M	$81.8 M	$9.4 M	$12.6 M	$54.5 M	$9.7 M	$258.4 M
Indirect	$0.1 M	$5.8 M	$40.2 M	$41.6 M	$4.8 M	$6.4 M	$27.7 M	$4.9 M	$131.5 M
Induced	$0.1 M	$3.5 M	$24.0 M	$24.9 M	$2.9 M	$3.8 M	$16.6 M	$3.0 M	$78.6 M
Total	**$0.4 M**	**$20.7 M**	**$143.1 M**	**$148.2 M**	**$17.0 M**	**$22.8 M**	**$98.8 M**	**$17.6 M**	**$468.6 M**
Economic Output									
Direct	$0.6 M	$35.8 M	$247.4 M	$256.3 M	$29.4 M	$39.4 M	$170.8 M	$30.4 M	$810.2 M
Indirect	$0.3 M	$16.1 M	$111.5 M	$115.5 M	$13.3 M	$17.7 M	$77.0 M	$13.7 M	$365.1 M
Induced	$0.2 M	$11.8 M	$81.7 M	$84.7 M	$9.7 M	$13.0 M	$56.4 M	$10.1 M	$267.6 M
Total	**$1.2 M**	**$63.7 M**	**$440.6 M**	**$456.5 M**	**$52.4 M**	**$70.1 M**	**$304.1 M**	**$54.2 M**	**$1,443.0 M**

TOTAL ONE-TIME IMPACTS

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
Employment									
Direct	918	1,640	4,531	3,072	676	317	730	164	12,049
Indirect	170	377	1,357	1,108	187	142	497	95	3,932
Induced	369	677	1,947	1,365	287	148	381	81	5,256
Total	**1,457**	**2,694**	**7,836**	**5,545**	**1,150**	**607**	**1,608**	**340**	**21,237**
Salaries and Wages									
Direct	$76.8 M	$114.8 M	$302.1 M	$265.6 M	$166.1 M	$26.5 M	$58.3 M	$12.7 M	$1,023.0 M
Indirect	$10.3 M	$19.6 M	$69.9 M	$66.1 M	$25.7 M	$8.3 M	$28.2 M	$5.3 M	$233.4 M
Induced	$17.9 M	$27.6 M	$76.0 M	$67.7 M	$39.3 M	$7.1 M	$17.5 M	$3.7 M	$256.6 M
Total	**$105.0 M**	**$162.0 M**	**$448.0 M**	**$399.3 M**	**$231.1 M**	**$41.9 M**	**$104.0 M**	**$21.7 M**	**$1,513.0 M**
Economic Output									
Direct	$124.8 M	$203.4 M	$609.3 M	$554.3 M	$283.4 M	$62.0 M	$177.0 M	$35.3 M	$2,049.6 M
Indirect	$33.5 M	$61.0 M	$208.4 M	$195.3 M	$81.3 M	$23.8 M	$78.6 M	$15.0 M	$696.9 M
Induced	$60.9 M	$93.8 M	$258.6 M	$230.3 M	$133.9 M	$24.1 M	$59.4 M	$12.4 M	$873.3 M
Total	**$219.3 M**	**$358.2 M**	**$1,076.2 M**	**$979.9 M**	**$498.6 M**	**$109.9 M**	**$315.0 M**	**$62.8 M**	**$3,619.8 M**

Appendix 2 - Operational Impacts by Company

TESLA

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
Employment									
Direct	15	252	884	2,356	4,153	4,302	4,669	5,339	21,970
Indirect	6	97	339	904	1,594	1,652	1,792	2,050	8,434
Induced	7	116	406	1,083	1,909	1,978	2,147	2,455	10,101
Total	**28**	**465**	**1,630**	**4,344**	**7,657**	**7,932**	**8,608**	**9,843**	**40,506**
Salaries and Wages									
Direct	$1.2 M	$14.8 M	$48.4 M	$121.8 M	$260.0 M	$319.8 M	$609.5 M	$519.6 M	$1,895.1 M
Indirect	$0.4 M	$4.3 M	$14.1 M	$35.4 M	$75.7 M	$93.1 M	$177.4 M	$151.2 M	$551.6 M
Induced	$0.3 M	$3.8 M	$12.6 M	$31.6 M	$67.4 M	$82.9 M	$158.0 M	$134.7 M	$491.3 M
Total	**$1.9 M**	**$22.9 M**	**$75.1 M**	**$188.8 M**	**$403.1 M**	**$495.8 M**	**$944.9 M**	**$805.5 M**	**$2,938.0 M**
Economic Output									
Direct	$4.4 M	$65.1 M	$212.2 M	$624.1 M	$1,281.8 M	$1,242.1 M	$1,297.5 M	$2,163.4 M	$6,890.6 M
Indirect	$1.6 M	$23.2 M	$75.8 M	$223.0 M	$457.9 M	$443.7 M	$463.5 M	$772.9 M	$2,461.7 M
Induced	$1.5 M	$22.4 M	$73.1 M	$215.0 M	$441.5 M	$427.8 M	$446.9 M	$745.2 M	$2,373.5 M
Total	**$7.4 M**	**$110.7 M**	**$361.1 M**	**$1,062.1 M**	**$2,181.3 M**	**$2,113.6 M**	**$2,207.9 M**	**$3,681.6 M**	**$11,725.8 M**

PANASONIC

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
Employment									
Direct	1	44	430	1,396	1,790	2,177	2,663	3,942	12,443
Indirect	0	17	165	536	687	836	1,022	1,513	4,777
Induced	0	20	198	642	823	1,001	1,224	1,812	5,721
Total	**2**	**81**	**793**	**2,574**	**3,300**	**4,014**	**4,910**	**7,268**	**22,941**
Salaries and Wages									
Direct	$0.2 M	$5.0 M	$33.6 M	$76.5 M	$98.9 M	$125.7 M	$162.2 M	$246.5 M	$748.6 M
Indirect	$0.0 M	$1.5 M	$9.8 M	$22.3 M	$28.8 M	$36.6 M	$47.2 M	$71.7 M	$217.9 M
Induced	$0.0 M	$1.3 M	$8.7 M	$19.8 M	$25.6 M	$32.6 M	$42.0 M	$63.9 M	$194.1 M
Total	**$0.3 M**	**$7.8 M**	**$52.1 M**	**$118.6 M**	**$153.4 M**	**$194.9 M**	**$251.4 M**	**$382.1 M**	**$1,160.6 M**
Economic Output									
Direct	$1.1 M	$11.0 M	$99.1 M	$326.0 M	$419.5 M	$506.0 M	$618.4 M	$925.5 M	$2,906.7 M
Indirect	$0.4 M	$3.9 M	$35.4 M	$116.5 M	$149.9 M	$180.8 M	$220.9 M	$330.6 M	$1,038.4 M
Induced	$0.4 M	$3.8 M	$34.1 M	$112.3 M	$144.5 M	$174.3 M	$213.0 M	$318.8 M	$1,001.2 M
Total	**$2.0 M**	**$18.8 M**	**$168.6 M**	**$554.7 M**	**$713.9 M**	**$861.0 M**	**$1,052.3 M**	**$1,575.0 M**	**$4,946.3 M**

H&T NEVADA

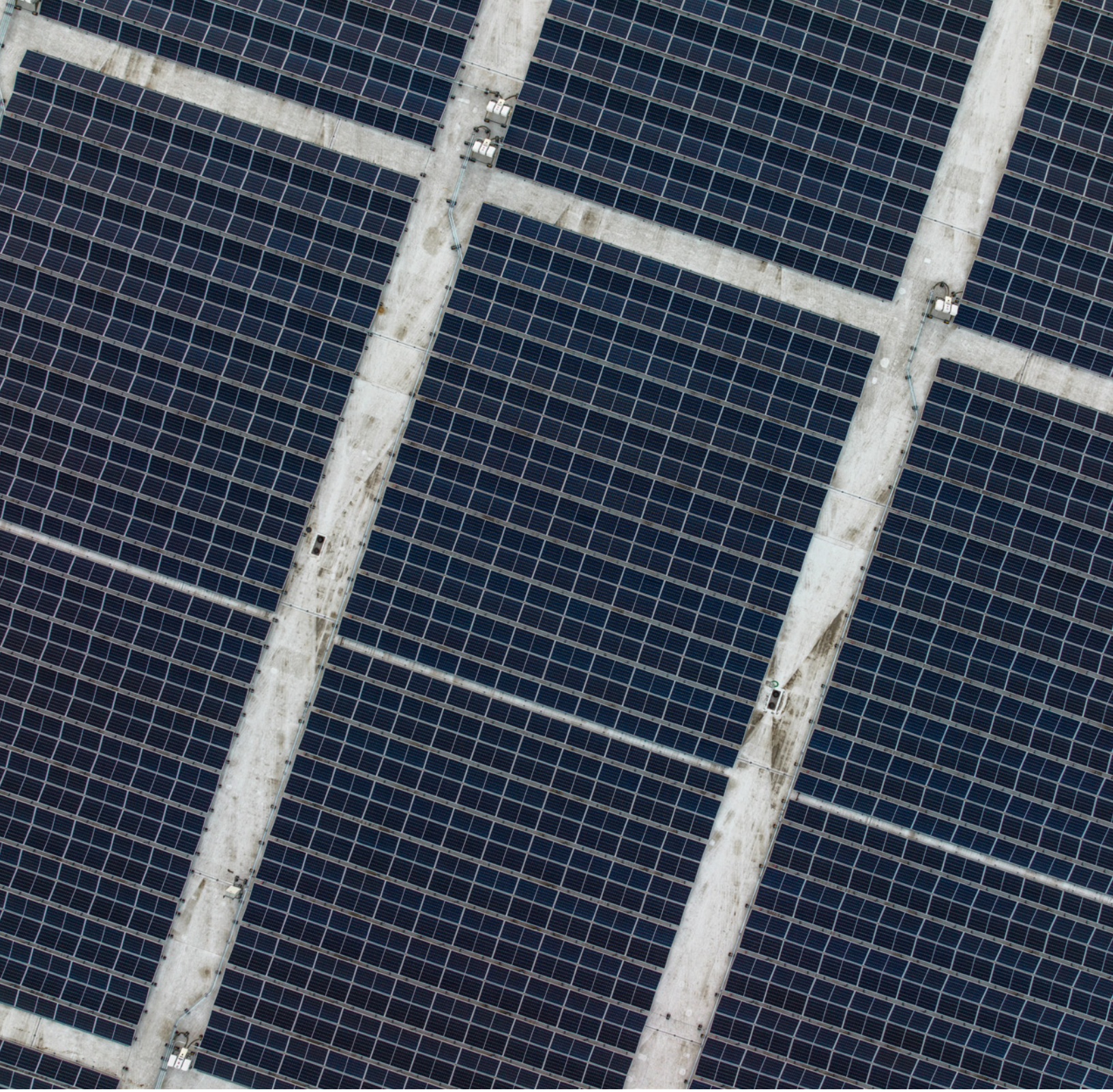
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
Employment									
Direct	0	0	36	89	160	167	202	156	810
Indirect	0	0	14	34	61	64	78	60	311
Induced	0	0	17	41	74	77	93	72	372
Total	**0**	**0**	**66**	**164**	**295**	**308**	**372**	**288**	**1,493**
Salaries and Wages									
Direct	$0.0 M	$0.0 M	$2.8 M	$5.9 M	$10.2 M	$11.1 M	$13.6 M	$10.7 M	$54.2 M
Indirect	$0.0 M	$0.0 M	$0.8 M	$1.7 M	$3.0 M	$3.2 M	$4.0 M	$3.1 M	$15.8 M
Induced	$0.0 M	$0.0 M	$0.7 M	$1.5 M	$2.6 M	$2.9 M	$3.5 M	$2.8 M	$14.1 M
Total	**$0.0 M**	**$0.0 M**	**$4.3 M**	**$9.1 M**	**$15.7 M**	**$17.2 M**	**$21.1 M**	**$16.6 M**	**$84.1 M**
Economic Output									
Direct	$0.0 M	$0.0 M	$10.1 M	$26.2 M	$44.1 M	$46.2 M	$55.2 M	$42.8 M	$224.6 M
Indirect	$0.0 M	$0.0 M	$3.6 M	$9.4 M	$15.8 M	$16.5 M	$19.7 M	$15.3 M	$80.2 M
Induced	$0.0 M	$0.0 M	$3.5 M	$9.0 M	$15.2 M	$15.9 M	$19.0 M	$14.7 M	$77.4 M
Total	**$0.0 M**	**$0.0 M**	**$17.2 M**	**$44.6 M**	**$75.1 M**	**$78.6 M**	**$93.9 M**	**$72.8 M**	**$382.2 M**

About Applied Analysis

Applied Analysis is an economic analysis and broad-based consulting firm founded in 1997 for both the public and private sectors. Our team has extensive experience in economics, hospitality consulting, market analysis, information technology, finance and other business consulting roles. We apply this knowledge in an effort to develop creative solutions to our clients' challenges. Additionally, our team has extensive experience in preparing economic and fiscal impact analyses. AA has been retained by a number of organizations and industries to review and analyze the economic, fiscal and social impacts of community investments and operations. We have provided services similar to those contained herein on behalf of the following representative clients.

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- Las Vegas Global Economic Alliance
- Las Vegas Stadium Authority
- MGM Resorts International
- Nevada Mining Association
- Nevada Resort Association
- NV Energy
- Regional Transportation Commission of Southern Nevada
- Resorts World Las Vegas
- Southern Nevada Tourism Infrastructure Committee
- Station Casinos
- Switch
- T-Mobile Arena
- UFC
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TESLA

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