

October 1, 2025

The Honorable Joe Lombardo
Office of the Governor
One Hundred One North Carson Street
Carson City, Nevada 89701

Ms. Diane Thornton, 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
Tesla Gigafactory (Tesla Gigafactory 2)**

Dear Governor Lombardo and Director Thornton:

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 2 (the "Project"). The attached report is based on information provided by the Lead participant, Tesla, Inc. (formerly 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 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,

M. Sheldon

Melanie Sheldon
Senior Director of Business Development

cc: Thomas J. Burns, Executive Director, GOED
Shellie Hughes, Executive Director, Excise, Nevada Department of Taxation
Jennifer Lewis, Tax Manager, Excise, Nevada Department of Taxation
Jana Seddon, County Assessor, Storey County

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Annual Report
Projects with Capital Investments of \$3.5 Billion

Pursuant to NRS 360.975

(FY 2025)

Tesla Gigafactory 2

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 2025. In FY 2014, one application was submitted by Tesla, Inc. for the project typically known as the ‘Tesla Gigafactory 1’. In FY 2023 one application was submitted by Tesla Inc. for the project typically known as the ‘Tesla Gigafactory 2’.**
- 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 2025.**
- 3) The amount of transferable tax credits approved: **The amount of transferable tax credits approved for use in FY 2025 was \$0. Total approved for all periods is \$195,000,000.**
- 4) The amount of transferable tax credits used: **The amount of transferable tax credits used by Tesla, Inc., in FY 2025, was \$0.**
- 5) The amount of transferable tax credits transferred: **The amount of transferable tax credits transferred by Tesla, Inc., in FY 2025, was \$0.**
- 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, in FY 2025, totaled \$0.**
- 7) The number of \$3.5 Investment Abatement packages approved: **The number of \$3.5B Investment Abatement packages approved was zero (0) for FY 2025.**
- 8) **The dollar amount of the abatements: The dollar amount of the abatements in, FY 2025, totaled \$8.7 million, including \$5.9 million in Sales Taxes on construction materials, equipment, and other property, \$2.6 million in Modified Business Tax, \$0 in Real Property Tax, and \$167,084 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: 790**
- ii. **Total number of Nevada residents who are employees of Tesla, Inc. 229**

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

**Construction workers on site at the Project Sites described in the SBI Agreement dated October 17, 2014 and in the Abatement Agreement dated December 1, 2023, respectively, may work on multiple locations through the period under review. Due to this fact, the Nevada residency of the construction worker population for both agreements was evaluated together.*

***Construction worker residency during the period outlined in the December 1, 2023 Abatement Agreement was 38% as of June 30, 2025, which falls below the 50% Nevada requirement. However, when combined with data from the SBI Agreement dated October 17, 2014, the cumulative Nevada residency rate from October 17, 2014 through June 30, 2025 is 54%, thereby meeting the requirement under both agreements.*

- 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: 330 total QEs for Tesla, Inc.**
- ii. **Total wages paid: \$31,793,047 in wages were paid to 330 QEs to date which, adjusted for actual hours, equates to \$68.11 per hour**

Source: Eide Bailly LLP– Report of Independent Accountants on Applying Agreed Upon Procedures / 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 \$156.3 million through June 30, 2025**
- ii. **Based on this investment, and observations of physical progress at the site, GOED has determined for FY 2025 that Tesla is making satisfactory progress towards meeting the investment requirements necessary to maintain its status as a qualified project**

Source: Eide Bailly LLP– Report of Independent Accountants on Applying Agreed Upon Procedures

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. This qualified NRS 360.975 project has been in existence for the immediately preceding three fiscal years. However, the FY25 Annual Report for the Tesla Gigafactory 1 contains full dollar amounts of Abatements.** The value of infrastructure included as an incentive for the qualified project: **No infrastructure was provided as an incentive for this qualified project.**

- 2) 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 qualified NRS 360.975 project has been in existence for the immediately preceding three fiscal years. However, the FY25 Annual Report for the Tesla Gigafactory 1 contains full dollar amounts of Abatements.**

Agreed-Upon Procedures
Period of July 1, 2024 through June 30, 2025
Tesla, Inc.



Independent Accountant's Report

To the Board of Directors and Management
Tesla, Inc.
Palo Alto, California

We have performed the procedures enumerated below related to Tesla, Inc.'s (the "Company") schedules of qualified employees and construction employees and to the Company's listing of all capital investments made by the Company (as defined in the State of Nevada Abatement Agreement, "Abatement Agreement") for its facilities located at 385 and 550 Milan Drive, and 1 Semi Drive, Sparks, Nevada 89437 within Storey County, Nevada (the "Project Sites") for the period of July 1, 2024 through June 30, 2025 (the "Period") (the "Subject Matter"). The Company's management is responsible for the Company's compliance with the Abatement Agreement for the period of July 1, 2024 through June 30, 2025.

The Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding the Company's compliance with the Abatement Agreement for the period of July 1, 2024 through June 30, 2025, and we will report our findings based on the procedures performed. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

Required Qualified Employee Audit Data (Exhibits A-B)

1. We obtained a schedule from the Company listing all qualified employees of the Project Sites for the period of July 1, 2024 through June 30, 2025.
2. We selected a sample of 25% of the qualified employee additions during the period per the summary sheet. For each selected qualified employee: we agreed wages paid to a paystub or W-2 form (or equivalent system-generated payroll report) to include wages, 401(k) contributions, and cafeteria plan contributions; we agreed residency status to a copy of their current (during the period under review) and valid Nevada driver's license, a copy of their current (during the period under review) motor vehicle registration, or other Nevada DMV proof of residency; and we agreed qualified employee status to the payroll information obtained above to verify that the qualified employee was employed full-time and scheduled to work for an average of 30 hours per week at the Project Sites and had been for at least three consecutive months as of June 30, 2025, as well as proof that the qualified employee was offered coverage under a plan of health insurance provided by the Participant. Our sample selected resulted in the 90% accuracy threshold being met.

3. We recalculated the average wage of reported qualified employees to verify that the minimum average wage of \$33.49 was met without exception.
4. We recalculated the residency as a percentage of qualified employees for the project to date to verify the percentage reported and that at least 50% of qualified employees are Nevada residents, as required, was met without exception.
5. We agreed the schedule of qualified employees obtained to the Required Qualified Employee Audit Data form without exception.

Combined Required Construction Employee Audit Data (Exhibits A and D)

1. We obtained a schedule listing all construction employees of the Project Sites for the period of July 1, 2024 through June 30, 2025. This listing also included construction workers on site at the Project Sites described in the separate SB1 Agreement dated October 17, 2014 for the period of July 1, 2024 through June 30, 2025 (collectively, the "Projects"). Construction workers may work on multiple locations through the period under review. Due to this fact, the Nevada residency of the construction worker population was evaluated together.
2. We selected a sample of 25% of the construction employee additions during the period listed as Nevada residents per the summary sheet. For each selected construction employee, we agreed residency status to a current (during the period under review) and valid Nevada driver's license, a copy of their current (during period under review) motor vehicle registration, or other Nevada DMV proof of residency. Our sample selected resulted in the 90% accuracy threshold being met.
3. We recalculated the residency as a percentage of construction employees for the Projects to date to verify the percentage reported and that at least 50% of construction employees are Nevada residents, as required, was met without exception.
4. We agreed the schedule of construction employees obtained from each participant to the Combined Required Construction Employee Audit Data form without exception.

Required Capital Investment Data (Exhibits A and C)

1. We obtained the real and personal property listings from the Company listing all capital investments made at the Project Sites for the period of July 1, 2024 through June 30, 2025.
2. We selected a sample of property additions of 25% of the total book value of property additions during the period.
3. We reviewed the supporting documentation obtained for the sampled property additions to determine that the additions met the definition of a capital investment per the Abatement Agreement, and verified determination of depreciable life. Our sample selected resulted in the 90% accuracy threshold being met.
4. We footed the listings by asset class/depreciable life without exception.
5. We agreed the listings obtained from each participant to the Required Property Audit Data form, by asset class/depreciable life grouping and in total without exception.

We were engaged by the Company to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the Abatement Agreement for the period of July 1, 2024 through June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of the Board of Directors and Management of Tesla, Inc. and the State of Nevada and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Reno, Nevada
September 8, 2025

Exhibit A

Combined Summary

Qualified Project Name: Tesla Gigafactory Project 2
Lead Participant: Tesla, Inc.
Reporting Period: July 1, 2024 - June 30, 2025
Project to Date Period: December 1, 2023 - June 30, 2025

	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	320	330
Number of NQEs who are Nevada Residents	221	229
Residency as a Percent		69%
Average Wage of Qualified Employees		\$ 68.11
Nevada residency requirements for Qualified Employees verified:		Yes
Qualified Employees requirements verified:		Yes
Nevada residency requirements for Construction Employees verified:		Yes
Total Capital Investment	<u>\$ 154,503,610</u>	<u>\$ 156,254,656</u>

Exhibit B

Required Qualified Employee Audit Data

Qualified Project Name: Tesla Gigafactory Project 2
Participant: Tesla, Inc.
Reporting Period: July 1, 2024 - June 30, 2025
Project to Date Period: December 1, 2023 - June 30, 2025

<u>Workforce Composition</u>	Reporting Period	Project to Date Period
Number of New Qualified Employees (NQE)	320	330
Number of NQEs who are Nevada Residents	221	229
Residency as a Percent		69%
Average Wage of Qualified Employees		\$ 68.11

Exhibit C

Required Capital Investment Audit Data

Qualified Project Name:	Tesla Gigafactory Project 2
Participant:	Tesla, Inc.
Reporting Period:	July 1, 2024 - June 30, 2025
Project to Date Period:	December 1, 2023 - June 30, 2025

	Reporting Period	Project to Date Period
Real Property		
Land	\$ -	\$ -
Building/Structure	\$ 41,060,661	\$ 41,326,592
Building/Structure - CIP	\$ -	\$ -
Subtotal	\$ 41,060,661	\$ 41,326,592
Personal Property		
3- year life	\$ -	\$ -
4- year life	\$ -	\$ -
5- year life	\$ -	\$ -
6- year life	\$ 2,096,635	\$ 2,096,635
7- year life	\$ 14,076,260	\$ 14,076,260
10- year life	\$ -	\$ -
12- year life	\$ 153,285	\$ 153,285
15- year life	\$ -	\$ 1,334,484
20- year life	\$ -	\$ -
30- year life	\$ -	\$ -
35- year life	\$ -	\$ -
CIP - Life TBD	\$ 95,133,394	\$ 95,268,291
Other Property	\$ -	\$ -
Expensed Property	\$ 1,983,375	\$ 1,999,109
Subtotal	\$ 113,442,949	\$ 114,928,064
Total Capital Investment	\$ 154,503,610	\$ 156,254,656

Exhibit D

Required Construction Employee Audit Data

Qualified Project Name: Tesla Gigafactory Project 2
Lead Participant: Tesla, Inc.
Reporting Period: July 1, 2024 - June 30, 2025
Project to Date Period: December 1, 2023 - June 30, 2025

<u>Workforce Composition</u>	Reporting Period*	Project to Date Period
Number of Construction Employees (CE)	1,845	2,103
Number of CEs who are Nevada Residents	588	790
Residency as a Percent**		54%
Nevada residency requirements verified:		Yes

*Construction workers on site at the Project Sites described in the SB1 Agreement dated October 17, 2014 and in the Abatement Agreement dated December 1, 2023, respectively, may work on multiple locations through the period under review. Due to this fact, the Nevada residency of the construction worker population for both agreements was evaluated together.

**Construction worker residency during the period outlined in the December 1, 2023 Abatement Agreement was 38% as of June 30, 2025, which falls below the 50% Nevada requirement. However, when combined with data from the SB1 Agreement dated October 17, 2014, the cumulative Nevada residency rate from October 17, 2014 through June 30, 2025 is 54%, thereby meeting the requirement under both agreements.