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GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

June 24, 2020

Dr. Annette Tielle
Superintendent
Del Valle Independent School District
5301 Ross Road
Del Valle, Texas 78617

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Del Valle Independent School District and Colorado River Project, LLC, Application 1496

Dear Superintendent Tielle:

On June 19, 2020, the Comptroller issued written notice that Colorado River Project, LLC (applicant) submitted a completed application (Application 1496) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on June 3, 2020, to the Del Valle Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter B; and
2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

[1] All Statutory references are to the Texas Tax Code, unless otherwise noted.

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Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1496.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter B.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2020.

Note that any building or improvement existing as of the application review start date of June 19, 2020, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

DocuSigned by:
Lisa Craven
11EA6DEF0EC441E...

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Colorado River Project, LLC (project) applying to Del Valle Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Colorado River Project, LLC.

Applicant	Colorado River Project, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Del Valle ISD
2018-2019 Average Daily Attendance	9,885
County	Travis
Proposed Total Investment in District	$1,092,609,500
Proposed Qualified Investment	$638,230,500
Limitation Amount	$80,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	25
Number of new non-qualifying jobs estimated by applicant	5000
Average weekly wage of qualifying jobs committed to by applicant	$1,424
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,424
Minimum annual wage committed to by applicant for qualified jobs	$74,050
Minimum weekly wage required for non-qualifying jobs	$1,346
Minimum annual wage required for non-qualifying jobs	$69,992
Investment per Qualifying Job	$43,704,380
Estimated M&O levy without any limit (15 years)	$78,825,619
Estimated M&O levy with Limitation (15 years)	$28,391,956
Estimated gross M&O tax benefit (15 years)	$50,433,663

Table 2 is the estimated statewide economic impact of Colorado River Project, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	1250	2,317	3567	$85,697,200	$191,302,800	$277,000,000
2021	3000	7,314	10314	$207,984,000	$619,016,000	$827,000,000
2022	4325	11,501	15826	$301,192,966	$1,039,807,034	$1,341,000,000
2023	5025	14,634	19659	$351,811,250	$1,403,188,750	$1,755,000,000
2024	5025	14,627	19652	$351,811,250	$1,522,188,750	$1,874,000,000
2025	5025	14,295	19320	$351,811,250	$1,599,188,750	$1,951,000,000
2026	5025	13,738	18763	$351,811,250	$1,642,188,750	$1,994,000,000
2027	5025	13,124	18149	$351,811,250	$1,671,188,750	$2,023,000,000
2028	5025	12,516	17541	$351,811,250	$1,690,188,750	$2,042,000,000
2029	5025	12,021	17046	$351,811,250	$1,713,188,750	$2,065,000,000
2030	5025	11,633	16658	$351,811,250	$1,742,188,750	$2,094,000,000
2031	5025	11,366	16391	$351,811,250	$1,786,188,750	$2,138,000,000
2032	5025	11,142	16167	$351,811,250	$1,836,188,750	$2,188,000,000
2033	5025	10,997	16022	$351,811,250	$1,893,188,750	$2,245,000,000
2034	5025	10,870	15895	$351,811,250	$1,955,188,750	$2,307,000,000
2035	5025	10,799	15824	$351,811,250	$2,026,188,750	$2,378,000,000

Source: CPA REMI, Colorado River Project, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Del Valle ISD I&S Tax Levy	Del Valle ISD M&O Tax Levy	Del Valle ISD M&O and I&S Tax Levies	Travis County Tax Levy	Travis County Hospital District Tax Levy	Austin Community College Tax Levy	ESD #4 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.3400**	**0.9700**		**0.3693**	**0.1056**	**0.1049**	**0.1000**	
2021	$53,889,650	$53,889,650		$183,225	$522,730	$705,954	$199,011	$56,893	$56,530	$53,890	$1,018,388
2022	$432,110,525	$432,110,525		$1,469,176	$4,191,472	$5,660,648	$1,595,754	$456,192	$453,284	$432,111	$8,165,878
2023	$560,831,360	$560,831,360		$1,906,827	$5,440,064	$7,346,891	$2,071,111	$592,086	$588,312	$560,831	$10,598,400
2024	$694,053,950	$694,053,950		$2,359,783	$6,732,323	$9,092,107	$2,563,093	$732,734	$728,063	$694,054	$13,115,996
2025	$773,364,295	$773,364,295		$2,629,439	$7,501,634	$10,131,072	$2,855,980	$816,464	$811,259	$773,364	$14,614,775
2026	$716,045,671	$716,045,671		$2,434,555	$6,945,643	$9,380,198	$2,644,307	$755,951	$751,132	$716,046	$13,531,588
2027	$658,843,021	$658,843,021		$2,240,066	$6,390,777	$8,630,844	$2,433,061	$695,560	$691,126	$658,843	$12,450,591
2028	$604,123,624	$604,123,624		$2,054,020	$5,859,999	$7,914,019	$2,230,986	$637,791	$633,726	$604,124	$11,416,523
2029	$557,516,980	$557,516,980		$1,895,558	$5,407,915	$7,303,472	$2,058,871	$588,587	$584,835	$557,517	$10,535,766
2030	$517,904,524	$517,904,524		$1,760,875	$5,023,674	$6,784,549	$1,912,585	$546,767	$543,282	$517,905	$9,787,184
2031	$484,552,774	$484,552,774		$1,647,479	$4,700,162	$6,347,641	$1,789,419	$511,557	$508,296	$484,553	$9,156,914
2032	$452,299,024	$452,299,024		$1,537,817	$4,387,301	$5,925,117	$1,670,309	$477,506	$474,462	$452,299	$8,547,393
2033	$424,529,524	$424,529,524		$1,443,400	$4,117,936	$5,561,337	$1,567,758	$448,189	$445,331	$424,530	$8,022,615
2034	$404,581,024	$404,581,024		$1,375,575	$3,924,436	$5,300,011	$1,494,089	$427,128	$424,405	$404,581	$7,645,635
2035	$395,853,274	$395,853,274		$1,345,901	$3,839,777	$5,185,678	$1,461,858	$417,914	$415,250	$395,853	$7,480,701
2036	$395,853,274	$395,853,274		$1,345,901	$3,839,777	$5,185,678	$1,461,858	$417,914	$415,250	$395,853	$7,480,701
			Total	**$27,629,598**	**$78,825,619**	**$106,455,218**	**$30,010,051**	**$8,579,234**	**$8,524,544**	**$8,126,352**	**$153,569,046**

Source: CPA, Colorado River Project, LLC
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Travis County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Del Valle ISD I&S Tax Levy	Del Valle ISD M&O Tax Levy	Del Valle ISD M&O and I&S Tax Levies	Travis County Tax Levy	Travis County Hospital District Tax Levy	Austin Community College Tax Levy	ESD #4 Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.3400**	**0.9700**		**0.3693**	**0.1056**	**0.1049**	**0.1000**	
2021	$53,889,650	$53,889,650		$183,225	$522,730	$705,954	$199,011	$56,893	$56,530	$53,890	$1,018,388
2022	$432,110,525	$80,000,000		$1,469,176	$776,000	$2,245,176	$1,595,754	$456,192	$453,284	$432,111	$4,750,406
2023	$560,831,360	$80,000,000		$1,906,827	$776,000	$2,682,827	$2,071,111	$592,086	$588,312	$560,831	$5,934,336
2024	$694,053,950	$80,000,000		$2,359,783	$776,000	$3,135,783	$2,563,093	$732,734	$728,063	$694,054	$7,159,672
2025	$773,364,295	$80,000,000		$2,629,439	$776,000	$3,405,439	$2,855,980	$816,464	$811,259	$773,364	$7,889,142
2026	$716,045,671	$80,000,000		$2,434,555	$776,000	$3,210,555	$2,644,307	$755,951	$751,132	$716,046	$7,361,945
2027	$658,843,021	$80,000,000		$2,240,066	$776,000	$3,016,066	$2,433,061	$695,560	$691,126	$658,843	$6,835,814
2028	$604,123,624	$80,000,000		$2,054,020	$776,000	$2,830,020	$2,230,986	$637,791	$633,726	$604,124	$6,332,524
2029	$557,516,980	$80,000,000		$1,895,558	$776,000	$2,671,558	$2,058,871	$588,587	$584,835	$557,517	$5,903,852
2030	$517,904,524	$80,000,000		$1,760,875	$776,000	$2,536,875	$1,912,585	$546,767	$543,282	$517,905	$5,539,510
2031	$484,552,774	$80,000,000		$1,647,479	$776,000	$2,423,479	$1,789,419	$511,557	$508,296	$484,553	$5,232,752
2032	$452,299,024	$452,299,024		$1,537,817	$4,387,301	$5,925,117	$1,670,309	$477,506	$474,462	$452,299	$8,547,393
2033	$424,529,524	$424,529,524		$1,443,400	$4,117,936	$5,561,337	$1,567,758	$448,189	$445,331	$424,530	$8,022,615
2034	$404,581,024	$404,581,024		$1,375,575	$3,924,436	$5,300,011	$1,494,089	$427,128	$424,405	$404,581	$7,645,635
2035	$395,853,274	$395,853,274		$1,345,901	$3,839,777	$5,185,678	$1,461,858	$417,914	$415,250	$395,853	$7,480,701
2036	$395,853,274	$395,853,274		$1,345,901	$3,839,777	$5,185,678	$1,461,858	$417,914	$415,250	$395,853	$7,480,701
			Total	**$27,629,598**	**$28,391,956**	**$56,021,554**	**$30,010,051**	**$8,579,234**	**$8,524,544**	**$8,126,352**	**$103,135,383**
			Diff	**$0**	**$50,433,663**	**$50,433,663**	**$0**	**$0**	**$0**	**$0**	**$50,433,663**
Assumes School Value Limitation and Tax Abatements with the County.											

Source: CPA, Colorado River Project, LLC
*Tax Rate per $100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Colorado River Project, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2019	$0	$0	$0	$0
	2020	$0	$0	$0	$0
	2021	$522,730	$522,730	$0	$0
Limitation Period (10 Years)	2022	$776,000	$1,298,730	$3,415,472	$3,415,472
	2023	$776,000	$2,074,730	$4,664,064	$8,079,536
	2024	$776,000	$2,850,730	$5,956,323	$14,035,860
	2025	$776,000	$3,626,730	$6,725,634	$20,761,493
	2026	$776,000	$4,402,730	$6,169,643	$26,931,136
	2027	$776,000	$5,178,730	$5,614,777	$32,545,914
	2028	$776,000	$5,954,730	$5,083,999	$37,629,913
	2029	$776,000	$6,730,730	$4,631,915	$42,261,827
	2030	$776,000	$7,506,730	$4,247,674	$46,509,501
	2031	$776,000	$8,282,730	$3,924,162	$50,433,663
Maintain Viable Presence (5 Years)	2032	$4,387,301	$12,670,030	$0	$50,433,663
	2033	$4,117,936	$16,787,967	$0	$50,433,663
	2034	$3,924,436	$20,712,402	$0	$50,433,663
	2035	$3,839,777	$24,552,179	$0	$50,433,663
	2036	$3,839,777	$28,391,956	$0	$50,433,663
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	$3,839,777	$32,231,733	$0	$50,433,663
	2038	$3,839,777	$36,071,509	$0	$50,433,663
	2039	$3,839,777	$39,911,286	$0	$50,433,663
	2040	$3,839,777	$43,751,063	$0	$50,433,663
	2041	$3,839,777	$47,590,840	$0	$50,433,663
	2042	$3,839,777	$51,430,617	$0	$50,433,663
	2043	$3,839,777	$55,270,393	$0	$50,433,663
	2044	$3,839,777	$59,110,170	$0	$50,433,663
	2045	$3,839,777	$62,949,947	$0	$50,433,663
	2046	$3,839,777	$66,789,724	$0	$50,433,663
		$66,789,724	is greater than	**$50,433,663**	

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

Source: CPA, Colorado River Project, LLC

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." This represents the basis for the Comptroller's determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Colorado River Project, LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Colorado River Project, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "Numerous studies have been performed to identify the best location and eight states were initially identified as viable contenders for the new factory throughout the central part of the United States. In addition, many states submitted unsolicited packages of incentives designed to entice Tesla to locate in their respective states. The current focus is on Oklahoma and Texas as potential locations for the new facility."
  B. "for a project to succeed, it must also have an acceptable rate of return to secure the necessary capital and compete in the automobile industry against some very capable competitors that have been longstanding industry players. Therefore, local and state tax incentives serve a critical role in getting the project approved and operating successfully. This is especially critical in Texas due to the high level of real and personal property taxes relative to other states. Since school taxes are the largest component of local property taxes, the Section 313 tax limitation is especially critical to create a level playing field between Texas and other states vying for this project. Therefore, obtaining the 313 limitation is a determining factor in the decision whether to locate the project in Texas."
- Comptroller Research
  A. On May 9th, 2020 Elon Musk stated, "Frankly, this is the final straw. Tesla will now move its HQ and future programs to Texas/Nevada immediately."
  B. On May 15th, 2020 the Austin American Statesman reported Texas and Tulsa, Oklahoma were amongst the finalist for Tesla's Gigafactory site. An interview conducted with Governor Abbott stated "I've had the opportunity to talk to Elon Musk, and he's genuinely interested in Texas and genuinely frustrated with California. We've just got to wait and see how things play out." It was also reported that in February Elon musk tweeted "Giga Texas?" and included a poll which users could vote.

C. On June 15th, 2020 Austin American Statesman reported that Tesla was in negotiations with Travis County for incentive deals.
D. On June 18th, 2020 Electrek reported that Tesla had acquire $5 million worth in land outside of Austin. Elon Musk responded to this with a tweet stating, "Tesla has an option to purchase this land but has not exercised it."

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☑ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☑ Yes ☐ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☑ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☑ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☑ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☐ Yes ☑ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☑ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☑ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☑ Yes ☐ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☑ Yes ☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

NOTE: Only construction beginning after the application review start date (the date the Texas Comptroller of Public Accounts deems the application complete) can be considered qualified property and/or qualified investment.

1. Estimated school board ratification of final agreement: September 15, 2020
2. Estimated commencement of construction: Q3 2020
3. Beginning of qualifying time period (MM/DD/YYYY): 1/01/2021
4. First year of limitation (MM/DD/YYYY): 1/01/2022

4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):

☐ A. January 1 following the application date ☐ B. January 1 following the end of QTP

☑ C. January 1 following the commencement of commercial operations

5. Commencement of commercial operations: Q4 2021

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located: Travis
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property: Travis
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☑ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

M&O (ISD): Del Valle, .97, 100% (Name, tax rate and percent of project)

I&S (ISD): Del Valle, .34, 100% (Name, tax rate and percent of project)

County: Travis, .369293, 100% (Name, tax rate and percent of project)

City: Not Applicable (Name, tax rate and percent of project)

Hospital District: Travis, .105573, 100% (Name, tax rate and percent of project)

Water District: Not Applicable (Name, tax rate and percent of project)

Other (describe): Austin Community College, .104900, 100% (Name, tax rate and percent of project)

Other (describe): ESD 4, .10, 100% (Name, tax rate and percent of project)

Supporting Information

Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

Tab 5

Documentation to assist in determining if limitation is a determining factor

Chapter 313.026{e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c}{2}. " If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

The worldwide automotive market, particularly for alternative fuel vehicles is highly competitive today and we expect it will become even more in the future. A significant and growing number of established and new manufactures have entered or are reported to have plans to enter the alternative fuel vehicle market. Tesla has been a leader with its electric vehicles and continues to expand its product offerings. To meet the global demand for its products, Tesla must continue to expand its global manufacturing capacity. Recent investments in Shanghai and Berlin will greatly increase our global production.

Applicants inputs, transportation, and markets for the proposed project:
To continue to meet increased demand and to provide new products an additional manufacturing facility is required in the United States. Specifically, the output for this plant is targeted to provide vehicles to the eastern half of the United States so an ideal location is the central US. Raw materials will be trucked to the facility and finished vehicles will be shipped via car carriers to the East Coast markets. Numerous studies have been performed to identify the best location and eight states were initially identified as viable contenders for the new factory throughout the central part of the United States. In addition, many states submitted unsolicited packages of incentives designed to entice Tesla to locate in their respective states. The current focus is on Oklahoma and Texas as potential locations for the new facility.

Existing contracts related to the Project:
The current potential location in Travis County in Del Valle School District was selected in Texas as it meets the project criteria. A purchase contract is nearly finalized between Tesla and the current owner of the property and the closing of the transaction will be contingent on the project receiving final approval to move forward.

However, for a project to succeed, it must also have an acceptable rate of return to secure the necessary capital and compete in the automobile industry against some very capable competitors that have been longstanding industry players. Therefore, local and state tax incentives serve a critical role in getting the project approved and operating successfully. This is especially critical in Texas due to the high level of real and personal property taxes relative to other states. Since school taxes are the largest component of local property taxes, the Section 313 tax limitation is especially critical to create a level playing field between Texas and other states vying for this project. Therefore, obtaining the 313 limitation is a determining factor in the decision whether to locate the project in Texas.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

Statesman

Business

Report: Austin a finalist for Tesla gigafactory site

By American-Statesman staff

Posted May 15, 2020 at 3:25 PM

Austin is a finalist -- along with Tulsa, Okla. -- to be the site of automaker Tesla's new U.S. assembly plant, according to media reports.

The report came from The Associated Press, which cited a person with knowledge of the matter. It wasn't clear if there were any other potential finalists in the mix, according to The Associated Press.

That report followed a post -- also citing unnamed sources -- from online news organization Electrek that Austin was not just a finalist, but was the final choice for the factory that would eventually produce the company's Model Y small SUVs and its Cybertruck electric pickup.

The American-Statesman had not confirmed the veracity of either report as of Friday.

Messages left seeking comment from Tesla and Gov. Greg Abbott's office were not immediately returned.

Austin Mayor Steve Adler told the American-Statesman on Friday: "My answer here is the same as when I was asked about rumors concerning Amazon, which is I never comment on this kind of question."

Tesla has said it wants the factory to be in the center of the country and closer to East Coast markets.

The stakes are high for state and local governments. Tesla has said the plant will be larger than its factory in Fremont, Calif., which employs 10,000 workers. Companies typically play finalists against each other to try to get the best package of tax breaks and other incentives.

The report from Electrek -- a U.S.-based website that writes about the electric transportation and sustainable energy industries -- cited what it called "a reliable source familiar with the matter," and said that Tesla CEO Elon Musk "has tasked the engineering team working at Gigafactory Nevada to start the process for the new factory, which is expected to make the Tesla Cybertruck electric pickup truck and the Model Y."

In interviews this week, Abbott said he has spoken with Musk recently about a potential move of the company's electric vehicle assembly plant to Texas. That came after Musk had threatened to move Tesla's headquarters and other operations to either Texas or Nevada, after officials in California said the company's plant there could not reopen because of the coronavirus outbreak.

“I’ve had the opportunity to talk to Elon Musk, and he’s genuinely interested in Texas and genuinely frustrated with California. We’ve just got to wait and see how things play out,” Abbott said in an interview with a Texas television station. A spokesman for Abbott also confirmed to Reuters news service that the governor had spoken with Musk.

Austin economist Angelos Angelou said that if Tesla has in fact chosen the Austin region for its next factory, it would be “a great win for Texas and Austin.”

“It would bring thousands of good-paying jobs — non-union jobs — at a time when the economy needs new jobs, and it provides for further diversification of our economy,” said Angelou, who said he had no knowledge of whether the report was correct or not.

Currently, there are two auto manufacturing plans in Texas — Toyota in San Antonio and General Motors in Arlington, Angelou said. So this would be a third — assuming it is an auto manufacturing plant rather than a battery-making plant similar to Tesla’s plant in Reno, Angelou said, noting that details about the type of possible plant are unclear.

Auto manufacturing jobs typically pay about $35 an hour, or $65,000 to $75,000 a year — and that’s at the low end of the range, he said. Engineering, administrative and other jobs associated with the plant could be expected to pay much higher, he said.

Along with bringing thousands of jobs, an Austin-area location for Tesla would further Austin’s reputation as a high-tech hub, Angelou said.

“Tesla is a high-tech company, so they’ve chosen the best city in Texas for that,” Angelou said.

Amber Gunst, CEO of the Austin Technology Council, said she wouldn’t be surprised if Tesla chose Austin as the site of the new factory.

“This individual (Elon Musk) likes to keep everything very close to the vest, but also likes to drop Easter eggs about things,” Gunst said. “So I would not completely strike it off the realm of possibilities, and it would not surprise me if this was, in fact, the case due to the strength of the Central Texas economy, specifically around tech. It wouldn’t surprise me if this was true.”

Musk has had Texas — and Austin in particular — on his mind for some time now. In February, he stirred up the Twitterverse when he posted a cryptic, two-word tweet that simply read “Giga Texas?” and included a poll where users could vote “Hell Yes” or “Nope.”

A day later, he changed his official location on the social media app to “Austin, TX” for a short time.

Gigafactories is the name Musk has given to his company’s lithium-ion battery and electric vehicle assembly plants.

Musk has expressed interest in Texas before. Prior to choosing Nevada in 2014 as the site for a $5 billion battery factory, two Texas sites — one between Hutto and Taylor in Williamson County and another near Dallas — reportedly were in the running.

twitter.com/GregAbbott_TX/status/1260636477349859328

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Greg Abbott
@GregAbbott_TX

Texas Governor Says He's Talked To Elon Musk About Moving Tesla.

It's true. Texas is a perfect fit for Tesla.

Texas Governor Says He's Talked To Elon Musk About Moving Tesla
Production resumed Monday at Tesla's only U.S. assembly plant in defiance of local guidelines for manufacturing businesses. But Wednesday morning there w...
forbes.com

1:22 PM · May 13, 2020 · Twitter Web Client

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Elon Musk @elonmusk · Feb 4

Giga Texas?

Hell yeah	**80.2%**
Nope	19.8%

305,724 votes · Final results

6K 3.7K 41.9K

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Elon Musk @elonmusk · May 9

Replying to @GerberKawasaki and @thirdrowtesla

Tesla is filing a lawsuit against Alameda County immediately. The unelected & ignorant "Interim Health Officer" of Alameda is acting contrary to the Governor, the President, our Constitutional freedoms & just plain common sense!

3.4K 7.9K 31.7K

Elon Musk @elonmusk · May 9

Frankly, this is the final straw. Tesla will now move its HQ and future programs to Texas/Nevada immediately. If we even retain Fremont manufacturing activity at all, it will be dependen on how Tesla is treated in the future. Tesla is the last carmaker left in CA.

13.7K 21.5K 65.1K

YESTERDAY

Tesla acquires $5 million worth of land outside Austin to build new factory

Fred Lambert - Jun. 18th 2020 1:05 pm ET @FredericLambert

232 Comments

Tesla is acquiring $5 million worth of land outside of Austin, Texas to build its new factory as it is about to secure over $60 million in incentives for the project.

Last month, *Electrek* exclusively reported that Tesla's next factory is going to be in Austin.

After our report, Tesla leaked that Tulsa, Oklahoma, was still in the running, but we were able to confirm that Tesla was already set to build in Austin, and it plans to move fast with hope to have a general assembly line for Model Y in Texas by the end of the year.

Now we've learned that Tesla is buying a 2,100-acre piece of land (pictured above) just outside Austin to build the factory.

The land is currently occupied by a sand and gravel mining site, but Tesla is buying the location for just over $5 million which was revealed in an application with the Texas Comptroller's office.

Tesla describes the project in the application:

> *"Tesla is evaluating the possible development, design, and construction of an electric vehicle manufacturing plant in Travis County within the Austin Green property. This site is approximately 2,100 acres and located at the intersections of SH-130 and Harold Green Road. The property is currently a sand and gravel mining site owned and operated by Martin Marietta and Texas construction projects. The Martin Marietta assets will operate for a period of time but will be relocated in the future to allow for buildout of the site. The timeline for the relocation will be determined at a later date."*

Electrek has learned that they have already started that process of relocation and Tesla's construction team is already getting ready to build on at this location, which is near the Austin airport.

Yet, the purchase is not making the completely official until they secure approval from all the local authorities.

The construction of the new Tesla factory is set to commence in Q3 of 2020 pending all approvals.

Tesla is seeking approval from the local school district to forgive up to $68 million on its property tax bill over 10 years.

Here's the application:

View this document on Scribd

It would be part of a wider incentive package with Travis County and the state.

CEO Elon Musk has been referring to Tesla's new factory as "Cybertruck Gigafactory" because it will be where Tesla produces its new electric pickup truck.

However, Tesla also plans to produce Model Y at the factory and the Model Y production is expected to come online before Cybertruck production.

Electrek previously reported that Tesla aims to have a Model Y general assembly line running at the Austin factory by the end of the year.

It's a very aggressive goal, but Tesla is apparently far along in the process despite still seeking official approval from the authorities.

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Tesla purchases Texas **land**, indicating Cybertruck factory will be built near Austin

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Statesman

Business

Travis County considering Tesla incentives deal

By Lori Hawkins

By Shonda Novak
Posted Jun 15, 2020 at 12:34 PM

Tesla is negotiating terms of a possible incentives deal with Travis County that could bring the electric car maker's next U.S. assembly plant — and thousands of jobs — to Austin, the American-Statesman has learned.

The Travis County Commissioners Court is scheduled to discuss the potential incentives deal in an executive session on Tuesday, according to people with knowledge of the proceedings. A vote is expected in the coming weeks.

The terms of the potential incentives deal have not been disclosed. Commissioners Court members did not respond Monday to messages left seeking comment. County spokesman Hector Nieto said the county had no comment.

Messages left seeking comment from Tesla and Texas Gov. Greg Abbott's office were not returned Monday.

A number of media outlets reported last month that Tesla had chosen Austin and Tulsa, Okla., as finalists for the assembly plant.

It was unclear Monday whether the negotiations with Travis County signal that Tesla has settled on Austin, or if the company is also continuing to negotiate with Tulsa on possible incentives.

Item 21 on Tuesday's Commissioners Court agenda calls for the members to "consider and take appropriate action on a project under Travis County Code Chapter 28." It gives no additional detail, but Chapter 28 of the Travis County Code contains guidelines for economic development incentives.

The United Auto Workers, a union for employees of automakers, believes "that Item 21 on the agenda is related to Tesla," Brian Rothenberg, UAW director of public relations, told the Statesman on Monday.

The new facility — which Tesla calls a "gigafactory" — would build Tesla's upcoming Cybertruck electric pickup, as well as be a second site to build the Model Y SUV. It reportedly would be Tesla's biggest facility, surpassing the company's vehicle assembly factory in Fremont, Calif., that employs 10,000 people and its battery factory in Reno, Nev., that has 6,500 workers.

Tesla CEO Elon Musk has said the company wants the factory to be in the center of the country and closer to East Coast markets.

Tesla has previously received significant incentives for choosing sites for its assembly plants. In 2014, Nevada agreed to a $1.3 billion incentives deal to lure Tesla's battery factory to a site near Reno.

The United Auto Workers union on Monday called on Travis County commissioners to carefully review any public subsidies for Tesla.

"So far, it is unknown what actions Travis County Commissioners are contemplating," UAW spokesman Rothenberg said. "We do know, however, that in July 2019, county staff asked the commissioners to place a moratorium on economic incentives. In May, the commissioners lifted the moratorium for two months and directed staff to prepare a document for the commissioners' review. Discussion of economic incentives is back on the commissioners' agenda for tomorrow, but it will be talked about in 'executive session,' meaning that the public will continue to have little or no information."

The UAW said it has sent a letter to the Commissioners Court citing what it said are other states' lack of return on investment.

"You have to look strongly at the track record of a company and their commitment not just to public dollars, but to the community investment and actual return on jobs created," said Cindy Estrada, UAW vice president. "Tesla has a track record of collecting public subsidies from several states but not delivering on their promises. That is why it is important this time for Tesla to commit to community assurances for Travis County before getting subsidies."

Austin economist Angelos Angelou said last month that if Tesla does choose the Austin region for its next factory, it would be "a great win for Texas and Austin."

"It would bring thousands of good-paying jobs — non-union jobs — at a time when the economy needs new jobs, and it provides for further diversification of our economy," Angelou said.

Auto manufacturing jobs typically pay about $35 an hour, or $65,000 to $75,000 a year — and that's at the low end of the range, he said. Engineering, administrative and other jobs associated with the plant could be expected to pay much higher, he said.

Along with bringing thousands of jobs, having Tesla chose Austin would further the area's reputation as a high-tech hub, Angelou said.