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## FISCAL IMPACT Renewable Energy Partial Abatement Of Sales/Use Taxes

### Ormat Tuscarora Geothermal

In accordance with the provisions NRS 701A of the Nevada Revised Statutes, Ormat Tuscarora Geothermal has requested a Sales and Use Tax Abatement for their Renewable Energy Project. This project is located in Elko County. Upon approval, this project would be granted a partial abatement of Sales and Use Tax for a period of three years, commencing on March 9, 2011.

The Nevada State Office of Energy has provided to the Department of Taxation a completed copy of the Renewable Energy Tax Abatements Application for this project. According to Schedule 6 of this application, Ormat Tuscarora Geothermal will purchase a total of \$16,570,000.00 worth of tangible, personal property subject to Sales and/or Use Tax during the first year of the abatement period. At the current Sales or Use Tax rate for Elko County, the full Sales Tax for these purchases would be \$1,135,045.00 less any applicable collection allowance.

According to Schedule 7 of this application form, Ormat Tuscarora Geothermal will purchase \$1,000,000.00 worth of tangible, personal property subject to Sales and/or Use Tax during the second year of the abatement period. Schedule 8 shows \$1,000,000.00 of tangible, personal property subject to Sales/and or Use Tax will be purchased during the third year.

Based on this information, the Department of Taxation projects the following Sales Tax related fiscal impact for the three years of the abatement period.

Sales Tax Component	FIRST YEAR	FIRST YEAR	SECOND YEAR	THIRD YEAR	TOTAL
	NOV 11, 2010 - JUNE 30, 2011	JULY 1, 2011 - NOV 10, 2011	NOV 11, 2011 - NOV 10, 2012	NOV 11, 2012 - NOV 10, 2013	
Sales/Use Tax (General Fund) (2%)	\$0.00	(\$331,400.00)	(\$20,000.00)	(\$20,000.00)	(\$371,400.00)
Local School Support Tax (2.6%) (2.25%)	\$0.00	\$372,825.00	\$22,500.00	\$22,500.00	\$417,825.00
Basic City Relief (.50%)	\$0.00	(\$82,850.00)	(\$5,000.00)	(\$5,000.00)	(\$92,850.00)
Supp. City County Relief (1.75%)	\$0.00	(\$289,975.00)	(\$17,500.00)	(\$17,500.00)	(\$324,975.00)

Total Amount Abated:	1st Year: \$704,225.00
	2nd Year: \$42,500.00
	3rd Year: \$42,500.00
Total Impact on Local/ County Government	1st Year: \$372,825.00
	2nd Year: \$22,500.00
	3rd Year: \$22,500.00