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**FISCAL IMPACT**

**Renewable Energy Partial Abatement Of Sales/Use Taxes  
Don A Campbell Geothermal Project Phase II AFN 14-1016G  
Orni 37, LLC / Ormat Nevada, Inc.**

In accordance with the provisions NRS 701A of the Nevada Revised Statutes, Orni 37, LLC / Ormat Nevada, Inc. has requested a Sales and Use Tax Abatement for their Renewable Energy Project. This project is located in Mineral County. Upon approval, this project would be granted a partial abatement of Sales and Use Tax for a period of three years, commencing on the date of approval.

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, Orni 37, LLC / Ormat Nevada, Inc. will purchase a total of \$ 53,300,000 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 Mineral County, the full Sales Tax for these purchases would be \$3,856,550 less any applicable collection allowance.

According to Schedule 7 and Schedule 8 of this application form, Orni 37, LLC / Ormat Nevada, Inc. will purchase, respectively, \$750,000 and \$750,000 worth of tangible, personal property subject to Sales and/or Use Tax during the second year and third year of the abatement period.

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

Sales Tax Component	Tax Rate	First Year	Second Year	Third Year	
	7.6%/7.25%	FY 2015	FY 2016	FY 2017	TOTAL
Sales/Use Tax (General Fund)	2.00%	\$1,126,000.00	\$15,000.00	\$15,000.00	\$1,156,000.00
Local School Support Tax	2.60%	\$1,463,800.00	\$19,500.00	\$19,500.00	\$1,502,800.00
Basic City Relief	0.50%	\$281,500.00	\$3,750.00	\$3,750.00	\$289,000.00
Supp. City County Relief	1.75%	\$985,250.00	\$13,125.00	\$13,125.00	\$1,011,500.00

<b>Total Amount Abated (State &amp; Local/County):</b>	<b>1st year</b>	\$2,392,750.00
	<b>2nd year</b>	\$31,875.00
	<b>3rd year</b>	\$31,875.00
	<b>Total</b>	<u>\$2,456,500.00</u>

<b>Total Amount Abated (Local/County Only):</b>	<b>1st year</b>	\$1,266,750.00
	<b>2nd year</b>	\$16,875.00
	<b>3rd year</b>	\$16,875.00
	<b>Total</b>	<u>\$1,300,500.00</u>

\* The prevailing tax rate at time of purchase will be owed to the Department of Taxation.