Congress of the United States
House of Representatives
Washington, DC 20515-0301

March 18, 2014

Elon Musk
Chief Executive Officer
Tesla Motors, Inc.
3500 Deer Creek
Palo Alto, CA 94304

Dear Mr. Musk:

We are excited about the prospect of Tesla Motors selecting the state of Arizona as the home for its new industry-leading Gigafactory. Locating in Arizona will allow Tesla Motors to take advantage of our state's low cost of doing business, simplified tax system, highly skilled workforce, unique access to major markets and extraordinary quality of life. For these and many other reasons, Arizona presents an ideal choice for this revolutionary factory.

One of the most business-friendly states in the nation, Forbes magazine and Moody's Analytics recently ranked Arizona No. 1 in the United States for projected job growth over the next five years. The Copper State is also No. 1 in higher education degree opportunities per capita. Additionally, our state is No. 1 for solar employment per capita, No. 1 for installed solar electrical watts per capita, and ranked second for solar energy capacity. Arizona is the second lowest in the country for unemployment insurance tax, and our highly skilled workforce ranks second nationally for workforce quality and availability. The Grand Canyon State is fourth in the country for space and defense manufacturing, in addition to being fourth for semiconductor production. Arizona has the sixth lowest property taxes in the United States and is ranked seventh for having one of the lowest average employment costs for workers compensation claims nationwide.

But those rankings don't tell the whole story. Several years ago our state passed the "Arizona Competitiveness Package," an ambitious plan to succeed in a new global marketplace that rewards knowledge, expertise and innovation. Quite honestly, it was designed to attract companies like yours. This legislative package overhauled our tax system, streamlined our regulatory structure and sharpened our focus on business recruitment, expansion and creation. From our congressional delegation to state political and business leaders, there is a deeply ingrained culture in Arizona that values collaboration and attracts innovative companies. We've put a premium on developing the intellectual and physical infrastructure needed to support technology and advanced manufacturing. When it comes to fostering an environment that encourages economic growth and job creation, Arizona is united.

PRINTED ON RECYCLED PAPER

Arizona's simplified and advantageous tax system lowers the cost of doing business, and is a critical factor to consider for businesses looking to operate in Arizona. There are no business inventory taxes, estate taxes or franchise taxes in our great state. At 4.9 percent, corporate income tax rates are among the lowest in the country, and Arizona taxes have been reduced in each of the last 13 years, with some business property taxes being reduced by as much as 10 percent. The Arizona Innovation Challenge awards the most revenues in the country to promising entrepreneurs through a technology commercialization challenge. The Research and Development Tax Credit, Qualified Facility Tax Credit, and the Quality Jobs Tax Credit are among the many other incentive programs utilized by businesses and entrepreneurs who have chosen to locate in Arizona.

A climate friendly to renewable energy businesses is part of the reason Arizona is home to more than 300 noteworthy solar energy businesses, ranging from firms installing roof top systems to manufacturers and large-scale power generators like Solana. The state's 318 solar companies employ more than 8,500 workers. With plentiful sunshine and a strong business climate, Arizona will continue to see strong solar renewable energy job growth of 5.6% in 2014.

Arizona boasts a highly skilled workforce, and in 2012, total manufacturing employment within our state exceeded 154,000. The availability of this capable labor force, coupled with promising companies, makes the state a center for high-tech business growth over the next century. Successful companies that have already chosen to locate large production facilities in Arizona include Apple, Boeing, Raytheon, Honeywell, TASER International, Henkel, and Insight. Additionally, hundreds of smaller, high-tech manufacturing companies make their home in Arizona such as Pivot Manufacturing, Maxwell Technologies, and HJ3 Composite Technologies.

Strategically located for access to some of the world's most important markets, Arizona has two major international airports, with Phoenix Sky Harbor International Airport–one of the top ten busiest airports in the nation, and 28th worldwide–and Tucson International Airport. More than 16,000 miles of freight rail make the transportation of critical goods affordable and efficient. Furthermore, the I-11 project continues to build momentum to connect Phoenix and Las Vegas by interstate highway. The development of this important corridor will facilitate the timely exchange of goods while also increasing economic development and tourism. And Southern Arizona's border with Mexico offers significant opportunities for trade and partnership for companies looking to grow their market share.

Arizona is also home to two of our nation's top research universities–Arizona State University and the University of Arizona. Arizona State University is the largest public university in the country, and one of the fastest growing research enterprises in the United States. The university has formed strategic partnerships with organizations in the public and private sectors, and entrepreneurs worldwide. Specifically, the university partnered with local developers and the City of Scottsdale to create an innovation center called SkySong, designed to unite tech-based companies, local entrepreneurs and global organizations in an environment that fosters collaboration and growth. The University of Arizona leads research and innovation in the areas of optics, environment, space sciences, and biosciences. Collaboration between the University of Arizona and our high-tech private sector is notable through Arizona Tech Launch, a program

committed to matching research talent with private sector partners.

Arizona features a quality of life second to none. Its major cities are more affordable than comparative markets, and per capita income continues to rise. Drawing visitors from around the world, Arizona features twenty two national parks including the Grand Canyon, 67 premier natural and man-made lakes, more than 400 first-class golf courses, numerous professional sports teams in addition to other important tourist attractions. Unsurprisingly, over 38 million overnight visitors come to our state annually generating more than $19 billion dollars in direct travel spending. Home to the Cactus League, fifteen different Major League Baseball teams call Arizona home for spring training, generating more than $360 million dollars in economic impact in just over one short month. The team pride exhibited at the many stadiums throughout the state, coupled with perfect weather, makes spring time in Arizona one of the most exciting places to be.

We are committed to working together at every level of government to foster a prosperous environment in our state so companies like Tesla Motors can thrive. We stand ready to provide any help or additional information to attract this facility to Arizona, and welcome the opportunity to meet with you to demonstrate our commitment.

We thank you for your consideration of the great state of Arizona as the future home of your innovative factory.

Sincerely,

Paul Gosar
United States House of Representatives

Matt Salmon
United States House of Representatives

David Schweikert
United States House of Representatives

Trent Franks
United States House of Representatives

Ann Kirkpatrick
United States House of Representatives

Ron Barber
United States House of Representative

Kyrsten Sinema
United States House of Representatives

Raul Grijalva
United States House of Representatives

Ed Pastor
United States House of Representatives