

SB 71 Advanced Transportation & Alternative Source Manufacturing Sales and Use Tax Exclusion (STE) Program

Applicant's Steps and Procedures of CAEATFA's Approval of STE Application

Below is a summary of the steps required for an approved applicant to utilize CAEATFA's approval of a sales and use tax exclusion (STE). This document provides a brief summary; please refer to [CAEATFA's regulations](#) for additional information.

Board Approval

- If an Application is approved, the Applicant will be notified in writing following the Authority's Board meeting. An Applicant will receive a Notification Letter and a certified copy of the Board resolution for their files.
- **25% of the Qualified Property purchases must be made within one year** of Board approval by the Authority per Section 10035(C) of CAEATFA regulations.
- **100% of the Qualified Property purchases must be made within three years** of Board approval by the Authority per section 10035(C) of CAEATFA regulations unless the Board has agreed to a different term in the approval resolution.

Execution of the Title Conveyance Agreement and Regulatory Agreement

1. All recipients of the STE are required to execute the Master Regulatory and Title Conveyance Agreement, (collectively the "Master Agreement") as a condition to the Authority's making a finding and awarding STE **within 30 days** from the date of the Board's approval shown on the Notification Letter. The Title Agreement shall include a Master Agreement Exhibit B which consists of a list of the Qualified Property to be purchased.
2. The provisions of the Master Agreement are not negotiable. A copy of the [template Master Agreement](#) and template [Master Agreement Exhibit B](#) can be found here.
3. CAEATFA Staff will provide a Master Agreement specific to the approved Application to the Applicant.
4. The following items are required in order to execute the Master Agreement:

- Two copies of the Master Agreement with original signatures (signed by a representative of the Applicant's company authorized to enter into contracts on behalf of the company)
 - **Fees:** A check for the \$15,000 minimum Administrative Fee (per Section 10036(B) of CAEATFA regulations)
5. CAEATFA will draft, distribute, review and sign both copies of the Master Agreement. The documents will be countersigned and each party will retain an original copy of the Title Agreement with original signatures for their records.
 6. The regulatory provisions of the Master Agreement will continue in force for a period equal to the longer of (a) three years or (b) one-half of the Estimated Useful Lifespan of the longest lived item of Qualified Property identified in the Application. The conveyance/reconveyance provisions will continue in force for a period equal to the shorter of three years (unless a different term is agreed to by the board in the approval resolution) or upon total purchases of qualified property reach the not to exceed amount set forth in the approval resolution.

Purchases of Qualified Property and Transaction Agreements (Conveyance/Reconveyance to CAEATFA)

1. Applicants will purchase equipment from vendors using an Exemption Certificate per [Board of Equalization Sales and Use Tax Regulations Section 1667\(c\)\(1\)](#). CAEATFA does not provide Exemptions Certificates.
2. Applicants will then convey title of Qualified Property to CAEATFA per the Conveyance/Reconveyance Agreement ("Transaction Agreement") including an Exhibit A which provides a detailed list of the Qualified Property and the location within which it was purchased.
3. The provisions of the Transaction Agreement are not negotiable. The [template of this Transaction Agreement](#) and the [template of Transaction Agreement Exhibit A](#) can be found here.
4. Each time an Applicant wishes to convey title they must submit to CAEATFA¹:

¹ **Optional Email:** An Applicant may email their Transaction Agreement and Exhibit A to the assigned CAEATFA analyst if they wish to expedite the review of the agreement, however, CAEATFA will not sign or reconvey title

- One copy of the Transaction Agreement and Exhibit A with original signatures
 - **Fees:** a check for the Administrative Fee due per Section 10036(B) of the CAEATFA regulations
5. CAEATFA will have 10 days to review and reconvey title (sign the Transaction Agreement) back to the Applicant.
 6. Once CAEATFA has approved and signed the original copy of the Transaction Agreement, a copy of the document will be emailed and mailed to the Applicant. CAEATFA will retain an original copy of the Title Agreement with original signatures.

Reporting Requirements

- **Certification Letter.** During the term of the Regulatory Provisions of the Title Agreement, Applicants must submit an annual certification letter by January 31 each year with information for the previous calendar year, documenting that the Qualified Property was used for the purposes specified in the Application for the entire period since conveyance/reconveyance.
- **Annual Compliance Report.** During the term of the Regulatory Provisions of the Title Agreement, Applicants must submit an annual compliance report by January 31 each year with information for the previous year, reporting the following information:
 - Total payroll
 - Number of jobs
 - Total annual product sales (in dollars)
 - Total number of units sold
 - Any other information requested by the Executive Director that is reasonably related to the purposes of the Program
- **Final Report.** Within 30 days after the final conveyance/reconveyance of Qualified Property the Applicant must submit a final Exhibit A with an individualized list of all Qualified Property purchased throughout the term of the Title Agreement.

until they have received the two copies with original signatures and Administrative Fee. It is recommended that the Applicant email their Exhibit A in EXCEL format, not as a PDF.