



CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

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California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)

Sales and Use Tax Exclusion Program

Application Part A

Submission Date: _____

Requested Approval Date: _____

(Approximate date you wish your project to go before the Authority Members for approval)

Legal Name of Applicant: _____

Estimated Cost of Qualified Property¹: _____

If Available, Would You Like to Be Considered for Additional Allocations²:

Yes _____ No _____

If yes, what would your total Qualified Property request be?: _____

Facility Name(s) and Address(es): _____

Table with 3 columns: Application #, Date Received, Fees Received. Header: CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY USE ONLY

1 In accordance with Regulations Section 10032(a)(4), individual projects are limited to \$10 million of STE. As such, the estimated cost of Qualified Property shall not exceed \$119,617,224.

2 If unallocated STE will be available at the last Authority board meeting of the calendar year, the Authority may provide additional STE to Projects that qualified for additional STE but were capped at \$10 million of STE. For additional details, see Regulations Section 10032(a)(4)(A).

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Introduction

The Sales and Use Tax Exclusion Program (the “Program”) excludes from sales and use taxes purchases of Qualified Property used in an Advanced Manufacturing process, used to manufacture Alternative Source products or Advanced Transportation Technologies, or used at least 50% of the time either to process Recycled feedstock that is intended to be reused in the production of another product or using Recycled feedstock in the production of another product or soil amendment. Eligible manufacturers planning to construct a new manufacturing facility in California or expand or upgrade an existing manufacturing facility in California may apply to CAEATFA for a sales and use tax exclusion (STE) award, and if approved, purchases of Qualified Property for the Project are not subject to state and local sales and use tax.

Applications are accepted on a rolling basis and may be considered at the first board meeting at least 60 days after the completed application is submitted. The CAEATFA Board meets at regularly scheduled monthly meetings. Potential applicants seeking to be considered in a particular month should consult the board meeting schedule and associated deadlines.

CAEATFA staff review each application for completeness and reasonableness of assumptions and make a recommendation to the Board. The Board then considers and votes whether to approve an application.

Submission of Application

- All Application documents (see Application Documents Checklist) must be submitted electronically via e-mail to CAEATFA@treasurer.ca.gov at least sixty (60) calendar days before the board meeting at which you wish to be considered. Deadlines may be found at: http://www.treasurer.ca.gov/caeatfa/meeting_schedule.asp.
- The Application Fee must be received at the CAEATFA office within five (5) business days of submission of the electronic version of the Application (see Application Documents Checklist). CAEATFA staff will not begin the review process until a complete Application package, including the Application Fee, is received.
- If you do not have information for one or more required items, please state in your Application why and when you expect to submit those items. In the event the Authority asks an Applicant for additional information or requests clarification of errors, the Applicant shall be given up to three (3) business days from the date of receipt of notification to provide the additional formation without extending the Application review period.

- **If your Application is not complete, CAEATFA's review may be postponed until the additional information has been provided.**
- Additional information may be obtained on the California Alternative Energy and Advanced Transportation Financing Authority website at: <http://www.treasurer.ca.gov/caeatfa> or by calling (916) 651-8157.

Applicant Responsibilities

- The Applicant must meet the relevant requirements of Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8.
- The Applicant must review the California Alternative Energy and Advanced Transportation Financing Authority Act (Division 16 of the Public Resources Code, Section 26000 et seq.) and Title 4, Division 13 of the California Code of Regulations.
- A senior company official with primary responsibility for financing the Project must certify, to the best of his or her knowledge, that the Application contains no false or incorrect information and that the Application, including all exhibits and attachments, is truly descriptive and representative of the Project.
- The Applicant has a continuing duty to inform CAEATFA when any information in the Application or supplemental material is no longer accurate and immediately supply CAEATFA with updated information.
- The Applicant must provide an updated Legal Status Questionnaire for any action requiring CAEATFA Board approval.

Program Fees

The Program's fee schedule is established in California Code of Regulations Title 4, Division 13, Section 10036.

All fees shall be paid in the form of checks payable to CAEATFA. A fee calculator can be found on the [CAEATFA website](#).

- **Application Fee:** The Applicant must pay an Application Fee upon submission of the Application.
 - The Application Fee is equal to 0.0005 (0.05%) of the total amount of Qualified Property identified in the Application as originally submitted. If during the Application process, the Applicant reduces the amount of Qualified Property listed in the Application as submitted, the Applicant will not be entitled to a refund. If the Applicant makes a request to increase the amount of Qualified Property listed in a revised or amended Application, CAEATFA will require an additional Application Fee to be submitted.
 - The Application Fee shall be a minimum of \$250 and shall not exceed \$10,000.
 - The Application Fee is non-refundable.
 - Applicants reapplying under Section 10032(a)(4)(A) do not have to pay a second Application Fee.
 - If the Applicant can demonstrate the Product is to relocate or rebuild the Applicant's Facility due a fire, flood, storm, or earthquake identified in a state of emergency proclamation made by the California State Governor within two years of the time of application, the Application Fee is waived.
- **Administrative Fee:** The Authority shall charge approved Applicants an Administrative Fee to cover the costs associated with the Program, including costs of compliance monitoring.
 - The Administrative Fee amount shall be calculated as follows:
 - The total Administrative Fee amount shall be .004 (0.4%) of the total amount of Qualified Property actually purchased during the term of the award.
 - The total Administrative Fee shall be a minimum of \$15,000 and shall not exceed \$350,000.
 - The \$15,000 minimum Administrative Fee is due upon the execution of the Regulatory Agreement and shall be credited towards the back-end of the total Administrative Fee due.
 - The Applicant's Administrative Fee shall be payable at the time of each semi-annual report submission

in an amount equal to .004 of the Qualified Property purchase amount for that semi-annual reporting period until the total Administrative Fee is paid.

- If an Applicant overpays the total Administrative Fee amount (typically when the Applicant does not use the full Qualified Property amount approved), the Applicant will be refunded the excess Administrative Fees paid.
- The total Administrative Fee is not refundable.

Example Administrative Fee Scenario:

- Qualified Property Amount Approved: \$14,500,000.00
- Estimated Total Administrative Fee Due: \$58,000.00

	Amount of Qualified Property Purchased	Administrative Fee Paid	Estimated Total Administrative Fee Balance
Master Agreement	N/A	\$15,000.00	\$43,000.00
Semi-Annual Report 1	\$0.00	\$0.00	\$43,000.00
Semi-Annual Report 2	\$2,000,000.00	\$8,000.00	\$35,000.00
Semi-Annual Report 3	\$5,000,000.00	\$20,000.00	\$15,000.00
Semi-Annual Report 4	\$3,100,000.00	\$12,400.00	\$2,600.00
Semi-Annual Report 5	\$2,500,000.00	\$2,600.00	\$0.00
Semi-Annual Report 6	\$1,700,000.00	\$0.00	\$0.00

- Actual Amount of Qualified Property Purchased: \$14,300,000.00
- Actual Total Administrative Fee Due: \$57,200.00
- Total Administrative Fee Paid: \$58,000.00
- Refund Due: \$800.00

- **Other Fees:** The Authority shall charge additional fees to cover the costs associated with other Applicant requests.
 - An Applicant that requests a modification to its Regulatory Agreement or authorizing resolution that must be approved by the Authority shall pay an additional administrative fee of \$500.
 - An Applicant that requests a modification to its Regulatory Agreement or authorizing resolution that requires a revised application to be considered by the Authority shall pay .00005 (one two hundredth of one percent) of the total amount of Qualified Property identified in the Authority resolution approved by the board.
 - In no case shall this fee be less than \$500 nor more than \$2,000.

Definitions

The following is a list of terms frequently referred to in this Application.³ Please refer to Section 10031, Title 4, California Code of Regulations for additional terms and definitions.

1. **Advanced Manufacturing**

(A) “Advanced manufacturing” means manufacturing processes that improve existing or create entirely new materials, products, and processes through the use of science, engineering, or information technologies, high-

³ All defined terms have the meaning set forth in the California Code of Regulations, Title 4, Division 13.

precision tools and methods, a high-performance workforce, and innovative business or organizational models utilizing any of the following technology areas:

- (i) Microelectronics and nanoelectronics, including semiconductors.
- (ii) Advanced materials.
- (iii) Integrated computational materials engineering.
- (iv) Nanotechnology.
- (v) Additive manufacturing.
- (vi) Industrial biotechnology.

(B) "Advanced manufacturing" includes any of the following:

- (i) Systems that result from substantive advancement, whether incremental or breakthrough, beyond the current industry standard, in the production of materials and products. These advancements include improvements in manufacturing processes and systems that are often referred to as "smart" or "intelligent" manufacturing systems, which integrate computational predictability and operational efficiency.
- (ii) (I) Sustainable manufacturing systems and manufacturing technologies that minimize the use of resources while maintaining or improving cost and performance.
- (II) Sustainable manufacturing systems and manufacturing technologies do not include those required to be undertaken pursuant to state or federal law or regulations, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents.

2. Advanced Transportation Technology

(A) "Advanced transportation technologies" means emerging commercially competitive transportation-related technologies identified by the authority as capable of creating long-term, high value-added jobs for Californians while enhancing the state's commitment to energy conservation, pollution and greenhouse gas emissions reduction, and transportation efficiency.

(B) "Advanced transportation technologies" does not include those projects required to be undertaken pursuant to state or federal law or regulations, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents. The State Air Resources Board shall advise the authority regarding projects that are excluded pursuant to this subparagraph.

3. Alternative Sources

(A) "Alternative sources" means devices or technologies used for a renewable electrical generation facility, as defined in paragraph (1) of subdivision (a) of Section 25741, a combined heat and power system, as defined in Section 2840.2 of the Public Utilities Code, distributed generation and energy storage technologies eligible under the self-generation incentive program pursuant to Section 379.6 of the Public Utilities Code, as determined by the Public Utilities Commission, or a facility designed for the production of renewable fuels, the efficient use of which reduce the use of fossil or nuclear fuels, and energy efficiency devices or technologies that reduce the need for new electric generation and reduce emissions of toxic and criteria pollutants and greenhouse gases.

(B) "Alternative sources" does not include a hydroelectric facility that does not meet state laws pertaining to the control, appropriation, use, and distribution of water, including, but not limited to, the obtaining of applicable licenses and permits.

4. Recycled feedstock

“Recycled feedstock” means materials that would otherwise be destined for disposal, having completed their intended end use and product lifecycle.

To qualify as Recycled feedstock, the tangible personal property purchased for the project must be used at least 50% of the time to process Recycled feedstock that is intended to be reused in the production of another product or using recycled feedstock in the production of another product or soil amendment.

Soil amendments may include "compost," as defined in Section 14525 of the Food and Agricultural Code, "fertilizing material," as defined in Section 14533 of the Food and Agricultural Code, "gypsum" or "phosphatic sulfate gypsum," as those terms are defined in Section 14537 of the Food and Agricultural Code, or a substance distributed for the purpose of promoting plant growth or improving the quality of crops by conditioning soils through physical means.

5. Facility

“Facility” or “Facilities” means a design, manufacturing, production, or assembly facility that includes or will include tangible personal property utilized for the design, manufacture, production, or assembly of Advanced Manufacturing, Advanced Transportation Technologies or Alternative Source products, components, or systems, or a facility that includes or will include tangible personal property that at least 50 percent of its use is either to process Recycled feedstock that is intended to be reused in the production of another product or using Recycled feedstock in the production of another product or soil amendment. Facilities involving more than one location may be combined in a single Application, provided the locations are part of a single process. Where facilities at multiple locations are performing the same or substantially similar operations they will require separate Applications.

6. Project

“Project” means tangible personal property if at least 50% of its use is either to process Recycled feedstock that is intended to be reused in the production of another product or using Recycled feedstock in the production of another product or soil amendment, or tangible personal property that is used in the state for the design, manufacture, production, or assembly of advanced manufacturing, advanced transportation technologies, or alternative source products, components, or systems.

7. Qualified Property

“Qualified Property” means the tangible personal property identified in the Application or Regulatory Agreement to be purchased for use in the Facility if at least 50 percent of its use is either to process Recycled feedstock that is intended to be reused in the production of another product or using Recycled feedstock in the production of another product or Soil amendment; or tangible personal property that is used in the state for the design, manufacture, production, or assembly of Advanced Transportation Technologies, or Alternative Source products, components, or systems or utilized in an Advanced Manufacturing process.

Generally, Qualified Property includes manufacturing machinery and equipment, including components parts and repair and replacement parts with an estimated useful lifespan of over one year, as well as information technology used to operate or control the machinery and equipment. Qualified purchases may also include tangible personal property required for infrastructure improvements to the manufacturing facility, such as foundation, reinforcement, piping, and fire safety.

Application Documents Checklist

This checklist is provided to ensure that a complete Application package is filed with CAATFA.

Please place a check next to each document included with this Application submission.

Electronic Submission

- _____ Copy of Application Part A, including Legal Status Questionnaire and Trade Secrets and Confidential Information (if applicable)
- _____ Copy of the Project Narrative
- _____ Documentation the Project is to rebuild or relocate due a fire, flood, storm, or earthquake identified in a state of emergency proclamation made by the California State Governor within two year of the time of application (if applicable)
- _____ Application Part B Worksheet (in Excel format)

Mailed to CAATFA Office

- _____ Application Fee made payable to CAATFA

Project Narrative

Each Applicant is required to submit a Project narrative with all of the following information:

- A. Applicant Description.** Provide a description of the Applicant’s business including:
1. Product(s) produced;
 2. Facility location(s);
 3. Years in business; and
 4. Any unique technological or environmental characteristics of the business or products.
- B. Project Description.**

Advanced Transportation Technology and Alternative Source Applicants:

Provide a description of the Advanced Transportation Technology or Alternative Source product, component, or system to be produced.⁴

Advanced Manufacturing Applicants:

Provide a detailed explanation of how the Project meets the statutory definition of Advanced Manufacturing set out in Public Resources Code Section 26003(a)(1) and the eligibility requirements established by Program regulations, by providing an explanation of the all of the following:

1. How the manufacturing process improves existing or creates entirely new materials, products, and processes through the use of:
 - a. Science, engineering, or information technologies; and
 - b. High-precisions tools and methods; and
 - c. A high performance workforce, and
 - d. Innovative business or organizational models.

⁴ In the case of a Facility producing property or products that, after further manufacture, will become the Green Component of an Advanced Transportation Technology or Alternative Source product or system, the Applicant must describe both the property or product produced by the Facility and the Green Component of the Advanced Transportation Technology or Alternative Source product or system for which the product produced will be used.

2. How the manufacturing process uses one or more of the following technology areas:
 - a. Micro- and nanoelectronics, including semiconductors.
 - b. Advanced materials.
 - c. Integrated computational materials engineering.
 - d. Nanotechnology.
 - e. Additive manufacturing.
 - f. Industrial biotechnology.

3. How the manufacturing system results in a substantive advancement, whether incremental or breakthrough, beyond the current industry standard, in the production of materials and products. (These advancements include improvements in manufacturing processes and systems that are often referred to as “smart” or “intelligent” manufacturing systems, which integrate computational predictability and operational efficiency.)

4. How the proposed Project is a sustainable manufacturing system that minimizes the use of resources while maintaining or improving cost and performance. (See “Environmental Benefits Information” tab in Application Part B.)

Please note that the Project Description for Advanced Manufacturing Applicants must directly address items 1–4 above and explicitly explain how the manufacturing process meets the requirements of 1.a–1.d and uses at least one of the technology areas listed in item 2.

Recycled Feedstock Applicants:

Provide a description of how the Project processes Recycled feedstock that is intended to be reused in the production of another rproduce or is using Recycled feedstock in the production of another product or soil amendment. Public Resources Code Section 26011.8(b)(2) defines Recycled feedstock as materials that would otherwise be destined for disposal, having completed their intended end use and product lifecycle. Identify the Recycled feedstock that is processed, and the product or soil amendment produced utilizing Recycled feedstock, if applicable.

- C. **Facility Status/Timeline:** Provide a description of the current Facility status and a schedule indicating the estimated Facility construction start date through the placed-in-service date for the Qualified Property identified in the Application. Additional facility milestones can be included, as well.

- D. **Required Permits/Timeline:** Provide a description of the needed permits and their current status, including expected dates permits will be received.

- E. **Financing Sources/Timeline:** Provide a description of the status of funding sources and additional financing necessary for Facility completion. Include information for any sources of government financing, including the provision of financial assistance from any local governments for the Project.

Applicant Certification

We, the undersigned, hereby submit an Application to the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) for the purpose of securing a sales and use tax exclusion as described herein and have reviewed the CAEATFA Act and submit this Application in compliance with the Act and the implementing regulations.

We agree it is our responsibility to provide one copy of a complete Application that bears original signatures and one duplicate copy of the Application (along with e-mailing an electronic version to the email address indicated on the cover sheet), accompanied by one check payable to the CAEATFA in the amount per the Application Fee calculation indicated in the regulations. We understand that thorough and complete answers and accurate data and information are required. We understand that if additional space is required, each additional page will be clearly labeled.

We understand that CAEATFA may verify the information provided, analyze materials submitted, and request Application-related documentation as well as conduct its own investigation to evaluate the Application. We understand that we have a continuing duty to inform CAEATFA when any information in the Application or supplemental materials is no longer accurate and will immediately supply CAEATFA with updated information.

We have read and understand all Public Resource Code sections relevant to the CAEATFA Sales and Use Tax Exclusion Program. We acknowledge that CAEATFA suggests that we seek advice from legal counsel on matters related to taxation. We acknowledge that all materials and requirements are subject to change by enactment of State legislation.

We agree that if this Application for sales and use tax exclusion is approved by the Authority, the Applicant will enter into a Regulatory Agreement with the Authority. In carrying out the development and operation of the proposed Project, we agree to comply with and will remain in compliance with all applicable State laws and will abide by all CAEATFA Program and regulatory requirements during the term of the Regulatory Agreement. We acknowledge that continued compliance with Program requirements, including ongoing reporting requirements and any costs associated with such requirements for the term of the Regulatory Agreement, is the responsibility of the Applicant.

We understand that at the time of the Authority’s approval of the Application, additional fees may be owed to CAEATFA. We represent that we have read the Program regulations regarding fees and all other Program requirements.

We agree to hold the Authority and its members, officers, agents, and employees harmless from any and all matters arising out of or related to our participation in the sales and use tax exclusion Program, including any action that ultimately results in the required payment of sales and use tax.

We acknowledge that the granting of a sales and use tax exclusion shall not be used by us as evidence of the opinion of, or approval by the Authority or any of its members, officers, agents or employees as to the financial or technical feasibility of the Project or Facility nor of the capabilities of the Applicant, any of its officers, members, agents or employees to finance, construct and operate the Project.

We declare under penalty of perjury that the information contained in the Application, exhibits, and attachments is true and correct to the best of the undersigned’s knowledge and belief. We understand that misrepresentation may result in the rescission of the Authority’s approval of the Application, and other actions, which the Authority is authorized to take. We understand that any further or supplemental information or documentation required to be provided shall be accompanied by a declaration under penalty of perjury that the

supplemental information or documentation is true and correct to the best of the Applicant's knowledge and belief.

We acknowledge that any materials provided to CAEATFA may be considered public records subject to disclosure pursuant to the California Public Records Act (Government Code Sections 6250, et seq.).

Signature of Applicant's Senior Official

Print Name

Title

Date

Attachment A: Legal Status Questionnaire

Legal Applicant Name: _____

1. Financial Viability

Disclose material information relating to any legal or regulatory proceeding or investigation in which the Applicant is or has been a party and which might have a material impact on the financial viability of the project or the Applicant. Such disclosures should include any parent, subsidiary, or affiliate of the Applicant that is involved in the management, operation, or development of the project.

Response:

2. Fraud, Corruption, or Serious Harm

Disclose any civil, criminal, or regulatory action in which the Applicant, or any current board members (except for volunteer board members of non-profit entities), partners, limited liability corporation members, senior officers, or senior management personnel has been named a defendant in such action in the past ten years involving fraud or corruption, matters related to employment conditions (including, but not limited to wage claims, discrimination, or harassment), or matters involving health and safety where there are allegations of serious harm to employees, the public or the environment.

Response:

Disclosures should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state or federal regulatory agencies. The information provided must include relevant dates, the nature of the allegation(s), charters, complaint or filing, and the outcome. For a publicly-traded company, the relevant sections of the company's 10K, 8K, and 10Q most recently filed with the Securities and Exchange Commission may be attached in response to question #1. With respect to a response for question #2, previous 10K, 8K, and 10Q filings of the company may be attached if applicable.

I/We attest that we have provided full disclosure as indicated in *response* to the items #1 and #2 above

Signature of Principal, CEO, or Lead Administrator

Date

Print or Type Name

Signature of President or Chair of Governing Board

Date

Print or Type Name

Attachment B: Trade Secrets and Confidential Information

If elements of this Application (Part A and Part B) contain information the Applicant considers to be trade secret, confidential, privileged or otherwise exempt from disclosure under the Public Records Act (California Government Code Section 6250, et seq.), the Applicant shall assert a claim of exemption at the time of Application by identifying in an accompanying letter each of the items to be restricted.

The asserted claim shall indicate the specific information within the Application to which the claim is made (e.g., Box C4 of Part B, etc.). Upon receipt of a Public Records Act request for documents that may include information the Applicant has identified as trade secret, the Authority shall provide notice to the Applicant and provide the Applicant with three business days to provide the Authority with an explanation as to why the information is not subject to disclosure pursuant to the Public Records Act. The Authority shall consider the claim and the basis for it, but retains the authority to make the final determination as to what information will be released under the Public Records Act. Applicants will be notified by the Authority prior to release of any such information.

If the Applicant chooses to assert such a claim, attach the claim to the Application.