

**CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

Board Meeting Date: Tuesday, June 17, 2025

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Rivian, LLC
Application No. 25-SM019**

Prepared By: *Matthew Newman, Blue Sky Consulting Group, on behalf of CAEATFA*

SUMMARY

Applicant: Rivian, LLC

Location: Sacramento, Sacramento County

Industry: Lithium-Ion Battery Manufacturing

Project: New Lithium-Ion Battery Remanufacturing Facility (Advanced Transportation)

Project Pool: Small

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$4,872,625	\$413,199

Estimated Net Benefit ³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$424,161	1,027
Estimated Environmental Benefits	\$254,474	616
Additional Benefits	N/A	195
Total	\$678,635	1,838
Estimated Quantifiable Net Benefit	\$265,436	N/A

Competitive Criteria Score: 235

Staff Recommendation: Approval

¹ All capitalized terms not defined in this document are defined in the STE Program’s statutes and regulations.

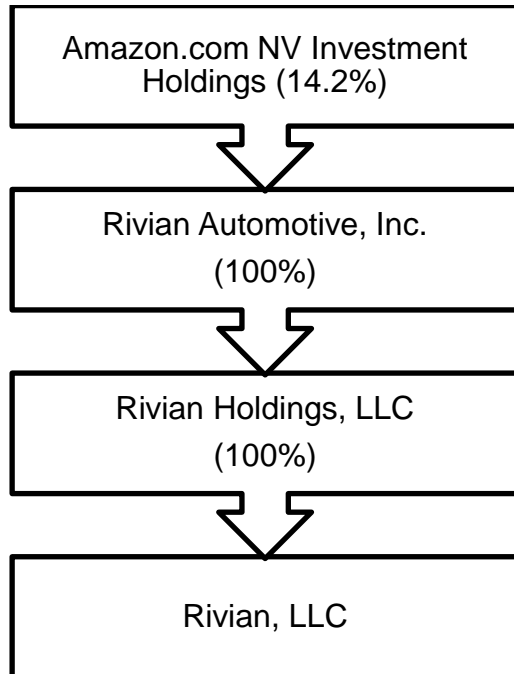
² This amount is calculated based on the average statewide sales tax rate of 8.48%

³ Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)

THE APPLICANT

Rivian, LLC (the “Applicant”) is a Delaware company formed in 2020. Rivian LLC is owned by Rivian Automotive, Inc., a publicly traded company on the NASDAQ Stock Exchange under the ticker symbol RIVN. The Applicant produces all-electric vehicles including R1T Truck, R1S SUV, and Rivian Commercial Van, as well as direct-current fast charger equipment.

The major shareholders (10.0% or greater) of the Applicant are:



The company officers of the Applicant are:

- Robert J. Scaringe, Chief Executive Officer and President
- Claire McDonough, Chief Financial Officer
- Michael Callahan, Chief Legal Officer and Secretary
- Scott Griffin, Chief People Officer
- Alexandra Gal, Treasurer
- Jim Bomar, Vice President, Tax
- Jamie Chung, Assistant Secretary

THE PROJECT

Rivian, LLC requests a sales and use tax exclusion (“STE”) award to build a new lithium-ion battery remanufacturing facility located in Sacramento, California (the “Project”).

According to the Applicant, the Project is co-located with a parts distribution center and intends on producing remanufactured batteries for use in its electric vehicles. The remanufacturing process involves the intake of an existing vehicle battery pack and

Agenda Item - Item Number 4.A.1
Resolution No. 25-SM019-01

diagnosing the performance issue to manufacture a like-new pack. The battery packs are then deployed through the Applicant's service centers as replacement batteries for vehicles being serviced and, eventually, will be sold to customers as a cost-effective alternative to purchasing a new battery for out-of-warranty replacements.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
High Voltage Test Equipment	\$2,400,000
Process Equipment – Material Movement	\$1,224,625
Process Equipment – Torque Tools	\$300,000
Process Equipment – Custom Stands, Storage and Tooling	\$234,000
Process Equipment – Hermetic Seal Detection	\$29,000
Safety Equipment – Thermal Event Preparedness	\$660,000
Manufacturing Execution System – Process Tracking	\$25,000
Total	<u>\$4,872,625</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. In accordance with the Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project over original estimates, and other reasons. In addition, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

Timeline

In December 2024, the Applicant executed a lease for approximately 480,000 square feet for a facility in Sacramento. The Applicant's schedule for the design, construction, and commissioning activities anticipates the completion of the battery packs remanufacturing facility by July 2026.

Status of Permits/Other Required Approvals

The Applicant states it plans on meeting with the Sacramento County Planning & Environmental Review Division, the Site Improvement and Permits Division, and the Department of Transportation to discuss development proposals during the Pre-app Meeting (PAM) before submitting the formal application and permit.

The following permits will be submitted: Building Permit, Fire Protection, Storage, and Signage, along with any additional permits identified during the PAM. The PAM is anticipated to take place in Q2 2025, with permit applications expected to be submitted in Q3 2025. Plan reviews are projected to require 21 business days, with an additional 10 business days allocated for any subsequent reviews addressing comments. Given these timelines, the Applicant estimates that permit approvals will be finalized by the end of Q4 2025.

COMPETITIVE CRITERIA SCORE

The Applicant received 235 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points)**. The Application has a Project that produces an Advanced Transportation Technology and, therefore, 100 points are awarded.
2. **Unemployment (0 of 50 points)**. The Applicant's Facility is located in Sacramento County, which has an average annual unemployment rate of 4.9%.⁴ When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant zero points.
3. **Job Creation (45 of 75 points)**. The Applicant anticipates the Project will support a total of 25 production-related jobs at its Facility. CAEATFA estimates that approximately 2.07 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 45 points.
4. **California Headquarters (15 of 15 points)**. The Applicant maintains its corporate headquarters in Irvine, California, therefore, 15 points are awarded.
5. **Natural Disaster Relief (0 of 50 points)**. The Project is not to rebuild or relocate the Applicant's Facility due to a fire, flood, storm, or earthquake identified in a state of emergency proclaimed by the Governor within two years of the time of application, and, therefore, zero points are awarded.
6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (0 of 50 points)**. The Applicant is eligible to use one or more of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, zero points are awarded.
7. **Emerging Strategic Industry (75 of 75 points)**. The Project's industry, lithium-ion battery manufacturing, is in an Emerging Strategic Industry, as defined by CAEATFA, 75 points are awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 1,838 points, which exceeds the required 1,000-point threshold, and includes a total Environmental Benefits Score of 616 points, exceeding the 20-point threshold.

1. **Fiscal Benefits (1,027 points)**. The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and

⁴ Unemployment rates are based on data available in October 2024.

Agenda Item - Item Number 4.A.1
Resolution No. 25-SM019-01

use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to \$424,161, resulting in a Fiscal Benefits score of 1,027.

2. **Environmental Benefits (616 points)**. The Project is anticipated to result in \$254,474 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 616 points. These benefits derive from the production of electric vehicle batteries, which displace fossil fuels.
3. **Additional Benefits (195 points)**. Applicants may earn "Additional Benefit" points in the categories listed below. The Applicant received 195 Additional Benefit points.
 - A. **Production Jobs (45 of 75 points)**. The Applicant anticipates the Project will support a total of 25 production-related jobs at its Facility. CAEATFA estimates that approximately 2.07 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 45 points.
 - B. **Construction Jobs (35 of 75 points)**. The Applicant anticipates the Project will support a total of 14 construction jobs at its Facility. CAEATFA estimates that approximately 1.13 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 35 points.
 - C. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Sacramento County, which has an average annual unemployment rate of 4.9%. When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant zero points.
 - D. **Research and Development Facilities (25 of 25 points)**. The Applicant has verified that it has a facility located in California that performs research and development functions related to battery technology, 25 points earned.
 - E. **Industry Cluster (25 of 25 points)**. The industry associated with this Application has been identified by the Governor's Office of Business and Economic Development as a priority industry and by the Greater Sacramento Economic Council as a focus industry, 25 points earned
 - F. **Benefits and Fringe Benefits (25 of 25 points)**. The Applicant states it provides medical, health, dental, & vision benefits, bonuses, retirement contributions, dependent care & assistance reimbursement, transportation subsidies, education reimbursement, gym subsidies, employee discounts, and paid leave to its employees, earning the Applicant 25 points.

G. Emerging Strategic Industry (40 of 40 points). CAEATFA identified the Project's industry, lithium-ion battery manufacturing, as an Emerging Strategic Industry, as defined by CAEATFA, 40 points are awarded.

LEGAL STATUS QUESTIONNAIRE

Staff reviewed the Applicant's responses to the Legal Status Questionnaire. The Executive Director, in consultation with legal counsel, has determined that the legal issues disclosed do not affect the financial viability or legal integrity of the Applicant.

CAEATFA FEES

In accordance with STE Program regulations,⁵ the Applicant paid CAEATFA an Application Fee of \$2,426.31 and will pay CAEATFA an Administrative Fee of up to \$19,490.50 should the Applicant be approved for an award.

RECOMMENDATION

Staff recommends the approval of Resolution No. 25-SM019-01 for Rivian, LLC's purchase of qualifying tangible personal property in an amount not to exceed \$4,872,625 anticipated to result in an approximate STE value of \$413,199. The initial term of the Regulatory Agreement will be for a period of three years, until June 17, 2028, and the remainder shall be for a period of five years, until June 17, 2030, for providing annual compliance reports.

⁵ California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF
A REGULATORY AGREEMENT WITH RIVIAN, LLC**

June 17, 2025

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Rivian, LLC** (the “Applicant”) for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant’s qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the “Project”); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed \$4,872,625 over a period of three (3) years; and

WHEREAS, the Applicant asserts that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Project pursuant to Revenue and Taxation Code Section 6010.8; and

WHEREAS, the approval of the terms of the Regulatory Agreement and authority for the Executive Director or Chair of the Authority to execute the necessary documents to effectuate the Regulatory Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a participating party within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any

Agenda Item - Item Number 4.A.1
Resolution No. 25-SM019-01

changes to the Project as the Authorized Signatories deem appropriate, provided that the amount of the qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including, without limitation, the execution and delivery of any and all documents and certificates they may deem necessary or advisable to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement is not executed within thirty (30) days of

Agenda Item - Item Number 4.A.1
Resolution No. 25-SM019-01

the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.