

**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 Exclusion<sup>1</sup>***

**Archer Aviation Inc. and Archer Air LLC  
Application No. 25-SM030**

Prepared By: *Willy Chen, Program Analyst*

**SUMMARY**

**Applicant:** Archer Aviation Inc. and Archer Air LLC

**Location:** Salinas, Monterey County; San Jose, Santa Clara County

**Industry:** Electric Aircraft Manufacturing

**Project:** Update and Expansion of Existing Electric Vertical Take-Off and Landing  
Aircraft Manufacturing Facilities (Advanced Transportation)

**Project Pool:** General

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount <sup>2</sup>
\$60,000,000	\$5,088,000

Estimated Net Benefit <sup>3</sup>	Dollar Value	Points Earned <sup>4</sup>
Estimated Fiscal Benefits	\$9,246,721	1,817
Estimated Environmental Benefits	\$1,162,154	228
Additional Benefits	N/A	131
<b>Total</b>	<b>\$10,408,875</b>	<b>2,177</b>
<b>Estimated Quantifiable Net Benefit</b>	<b>\$5,320,875</b>	<b>N/A</b>

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

<sup>2</sup> This amount is calculated based on the average statewide sales tax rate of 8.48%.

<sup>3</sup> 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).)

<sup>4</sup> Dollar values and point values in the staff summary may not add up correctly due to rounding in the Application worksheet.

**Previous Awards and Status:** Two previous awards

- Award 1: App No. 22-SM044, Award Year 2022, 100% Expended, Complete, Compliant on Required Reports
- Award 2: App No. 24-SM025, Award Year 2024, 22% Expended, Active, Compliant on Required Reports

**Staff Recommendation:** Approval

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**THE APPLICANT**

Archer Aviation Inc. and its wholly owned subsidiary Archer Air LLC (collectively the “Applicant”) are headquartered in San Jose. Archer Aviation Inc., incorporated in 2018, is publicly traded on the New York Stock Exchange under the ticker ACHR. Archer Air LLC, formed in 2022, holds the Applicant’s FAA certifications, and will operate the Applicant’s air taxi operations. The Applicant is focused on developing, manufacturing, and commercializing electric vertical takeoff and landing (“eVTOL”) aircraft. Its aircraft are designed to be safe, quiet, and sustainable, with the production model, Midnight, optimized for short-distance urban air mobility trips.

**The corporate officers of the Applicant are:**

- Adam Goldstein, Founder & CEO
- Mark Mesler, Chief Financial Officer
- Priya Gupta, Acting Chief Financial Officer
- Eric Lentell, General Counsel
- Tom Muniz, Chief Technology Officer
- Tosha Perkins, Chief People & Partnerships Officer
- Thomas Anderson, Chief Operating Officer, Urban Air Mobility

**THE PROJECT**

The Applicant requests a sales and use tax exclusion (“STE”) award to upgrade and expand its existing manufacturing, research and development and flight-testing facilities located across California (the “Project”).

The Project’s flight-testing facility is located near the Salinas Municipal Airport, which serves as a key location for Archer’s flight-testing program and complements its existing manufacturing and R&D facility in San Jose. According to the Applicant, the Salinas facility enables extensive flight testing of its eVTOL aircraft, including both its four passenger production aircraft, Midnight, and its predecessor aircraft, Maker.

In 2023, the Applicant completed construction of its San Jose manufacturing and integrated test lab facilities, which now serve as the primary hub for Archer’s research, development, and initial production activities. The Salinas site plays a pivotal role in Archer’s planned commercial airline operations, supporting ongoing flight testing and

operational readiness. To enable continued growth, the Applicant has also leased additional space in Newark and Santa Clara to expand engineering, testing, and logistical support tied to its core facilities.

### **Anticipated Costs of Qualified Property**

<b>Anticipated Qualified Property Purchases</b>	<b>Cost</b>
Manufacturing and Production Equipment, Machinery & Related Property	\$19,000,000
Testing and Quality Control Equipment & Related Property	\$10,250,000
Research & Development, Design, Engineering Property	\$14,000,000
Buildout/Construction of Facilities, Upgrades and Improvements to Real Property	\$12,000,000
IT, Computer, and Electronic Property	\$3,000,000
Storage Systems, Logistics and Related Property	\$1,750,000
<b>Total</b>	<b><u>\$60,000,000</u></b>

*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**

The Applicant plans to purchase and install Qualified Property at its facilities in California through 2027.

### **Status of Permits/Other Required Approvals**

According to the Applicant, no additional certifications, permitting, or approvals are required to conduct the research and development, testing, production, or flight test activities currently underway in California. The Applicant has already obtained a Special Airworthiness Certificate from the Federal Aviation Administration (FAA) for its first Midnight aircraft, which allows it to conduct ongoing flight test operations in California. In mid-2024, the Applicant received its Part 135 Air Carrier and Operator Certificate from the FAA, enabling it to begin operating its aircraft commercially to refine flight systems and procedures in preparation for the launch of Midnight into commercial service. The Applicant stated that it must obtain certain FAA certifications for its aircraft before it can carry paying passengers in the U.S.

## **PROJECT EVALUATION**

### **Project Benefits**

The Project received a Total Score of 2,177 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 228 points, which exceeds the 20-point threshold.

1. **Fiscal Benefits (1,817 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 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 \$9,246,721, resulting in a Fiscal Benefits score of 1,817.
2. **Environmental Benefits (228 points)**. The Project is anticipated to result in \$1,162,154 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 228 points. These benefits derive from replacing fossil fuel powered vehicle trips with flights powered by electric aircrafts.
3. **Additional Benefits (131 points)**. Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 131 Additional Benefits points.
  - A. **Production Jobs (35 of 75 points)**. The Applicant anticipates the Project will support a total of 779 production-related jobs at its Facilities. CAEATFA estimates that approximately 14.85 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.
  - B. **Construction Jobs (0 of 75 points)**. The Applicant anticipates the Project will support a total of 10 construction jobs at its Facilities. CAEATFA estimates that approximately 0.19 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 zero points.
  - C. **Unemployment (40 of 50 points)**. The Applicant's Project is located in Monterey County, which has an average annual unemployment rate of 7.4%. When compared to the statewide average annual unemployment rate of 5.3%,<sup>5</sup> the Project location earned the Applicant 40 points.
  - D. **Non-CA Environmental Benefits (6 of 40 points)**. The Applicant's total value of out-of-state non-greenhouse gas emissions pollution benefits are valued at \$60,717.55 resulting in a Non-CA Environmental Benefits Score of 6 points for the Project.

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<sup>5</sup> Unemployment rates are based on data available in October 2024.

- E. 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 producing its electric aircraft.
- F. Benefits and Fringe Benefits (25 of 25 points).** The Applicant states it provides medical, health, dental, & vision benefits, retirement contribution, education reimbursement, and paid leave to its employees, earning the Applicant 25 points.

### **LEGAL STATUS QUESTIONNAIRE**

Staff has 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,<sup>6</sup> the Applicant paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$240,000 should the Applicant be approved for an award.

### **RECOMMENDATION**

Staff recommends the approval of Resolution No. 25-SM030-01 for Archer Aviation Inc. and Archer Air LLC's purchase of qualifying tangible personal property in an amount not to exceed \$60,000,000, anticipated to result in an approximate STE value of \$5,088,000. 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 six years, until June 17, 2031, for providing annual compliance reports.

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<sup>6</sup> California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A REGULATORY  
AGREEMENT WITH ARCHER AVIATION INC. AND ARCHER AIR LLC**

**June 17, 2025**

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Archer Aviation Inc. and Archer Air 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 \$60,000,000 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

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 – 4.A.27**  
**Resolution No. 25-SM030-01**

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