

**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

**Figure AI Inc.
Application No. 25-SM036**

Prepared By: *Joshua Moua, Program Analyst*

SUMMARY

Applicant: Figure AI Inc.

Location: San Jose, Santa Clara County

Industry: Robotic Manufacturing

Project: Upgrade and Expansion of Existing Humanoid Robots Manufacturing and Supporting Systems Facility (Advanced Manufacturing)

Project Pool: General

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$117,771,409	\$9,987,015

Estimated Net Benefit ³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$12,360,519	1,238
Estimated Environmental Benefits	N/A	55
Additional Benefits	N/A	125
Total	\$12,360,519	1,418
Estimated Quantifiable Net Benefit	\$2,373,504	N/A

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

Headquartered in San Jose, California, Figure AI Inc. (the “Applicant”), a Delaware formed Corporation in 2022, produces AI powered humanoid robotics designed to perform physical tasks, including in the manufacturing process.

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

- High Drive Growth LLC (49%)

The corporate officers of the Applicant are:

- Brett Adcock, Founder & Chief Executive Officer
- Logan Berkowitz, Vice President of Business Operations

THE PROJECT

Figure AI Inc. requests a sales and use tax exclusion (“STE”) award to upgrade and expand its existing humanoid robots and supporting systems facility located in San Jose, California (the “Project”).

According to the Applicant, the Project focuses on an advanced manufacturing process for producing its third-generation robot, Figure 03 humanoid robot, and its supporting systems, Echo and Helix. Echo is a teleoperation platform that enables robots to collect real-world training data, which is then used to develop Helix, the intelligent core of the robots that enables the robots to perform complex, human-like tasks with precision and adaptability.



Figure 1: Figure 02 Model (Second Generation Robot)

Traditional robotic manufacturing typically uses standardized casting and subtractive methods; however, the Applicant has developed custom casting methodologies combined with computational materials modeling to precisely control material flow, cooling rates, and mold design. This enables the production of lightweight, high-strength robotic components with improved thermal and mechanical performance, while minimizing waste. Additive manufacturing techniques are integrated to create complex and lightweight parts to reduce material waste, accelerate design, and support

sustainability. The Applicant has incorporated the use of recyclable and reusable packaging, modular component design, and predictive maintenance analysis. This enables a longer lifecycle, reduction on environmental impact, and efficient part refurbishment.

Anticipated Costs of Qualified Property

The anticipated Qualified Property purchases are listed below:

Anticipated Qualified Property Purchases	Cost
Computing/Information Technology Equipment	\$17,700,728
Technical & Physical Equipment	\$6,333,000
Manufacturing Equipment	\$11,368,200
Facility Improvements	\$18,020,000
Production Support Assets	\$64,349,481
Total	<u>\$117,771,409</u>

Note: The Qualified Property purchases reported in the Application and shown here in the staff 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, 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 states the expansion of its facility include three buildings located in San Jose. Construction of Building 1 began in the second half of 2024 and became active in March 2025. Building 2 and 3 will be active in July 2025 and September 2025, respectively.

Status of Permits/Other Required Approvals

All necessary permits to expand manufacturing facilities have been obtained.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 1,418 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 55 points, which exceeds the 20-point threshold.

- 1. Fiscal Benefits (1,238 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 \$12,360,519 resulting in a Fiscal Benefits score of 1,238.

2. **Environmental Benefits (55 points)**. The Project earned an Environmental Benefits Score of 55. The Applicant received points in the following categories:
 - A. **Environmental Sustainability Plan (5 of 5 points)**. The Applicant has an environmental sustainability plan that focuses on minimizing air contaminants, wastewater discharge, hazardous waste, while optimizing energy efficiency and promoting recycling and waste reduction.
 - B. **Energy Consumption (25 of 30 points)**. The Applicant anticipates the Project will result in a 25% reduction in energy consumption compared to the Applicant's previous manufacturing process. This will be achieved by the use of predictive maintenance systems for efficient repairs.
 - C. **Solid Waste (25 of 30 points)**. The Applicant anticipates the Project will result in a 25% reduction in energy consumption compared to the Applicant's previous manufacturing process. This will be achieved by the use of computational modeling to allow exact control over material use.
3. **Additional Benefits (125 points)**. Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 125 Additional Benefits points.
 - A. **Production Jobs (30 of 75 points)**. The Applicant anticipates the Project will support a total of 329 production-related jobs at its facility. CAEATFA estimates that approximately 20.42 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 30 points.
 - B. **Construction Jobs (20 of 75 points)**. The Applicant anticipates the Project will support a total of 110 construction jobs at its Facility. CAEATFA estimates that approximately 6.83 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 20 points.
 - C. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Santa Clara County, which has an average annual unemployment rate of 4.1%. When compared to the statewide average annual unemployment rate of 5.3%,⁴ 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 humanoid robots and supporting infrastructure.

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

- E. Industry Cluster (25 of 25 points).** The State of California and Silicon Valley have identified the industry associated with this Application as a high-tech, AI, and robotics industry cluster for the Project location's region.
- F. Benefits and Fringe Benefits (25 of 25 points).** The Applicant states it provides medical, health, dental & vision benefits, bonuses, profit sharing, transportation subsidies, education reimbursement, gym subsidies, employee discounts, and paid leave to its employees, earning the Applicant 25 points.

LEGAL STATUS QUESTIONNAIRE

The Applicant had nothing to report on the Legal Status Questionnaire.

CAEATFA FEES

In accordance with STE Program regulations,⁵ the Applicant paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of \$350,000 should the Applicant be approved for an award.

RECOMMENDATION

Staff recommends the approval of Resolution No. 25-SM036-01 for Figure AI Inc.'s purchase of qualifying tangible personal property in an amount not to exceed \$117,771,409, anticipated to result in an approximate STE value of \$9,987,015. 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 FIGURE AI INC.**

June 17, 2025

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Figure AI Inc.** (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 \$117,771,409 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

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