

**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>***

**ZO Motors North America LLC  
Application No. 25-SM001**

Prepared By: *Willy Chen, Program Analyst*

**SUMMARY**

**Applicant:** ZO Motors North America LLC

**Location:** Fontana, San Bernardino County

**Industry:** Electric Vehicle Manufacturing

**Project:** New Electric Vehicle Manufacturing Facility (Advanced Transportation)

**Project Pool:** Small

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount <sup>2</sup>
\$3,395,000	\$287,896

Estimated Net Benefit <sup>3</sup>	Dollar Value	Points Earned <sup>4</sup>
Estimated Fiscal Benefits	\$5,214,593	18,113
Estimated Environmental Benefits	\$7,436,414	25,830
Additional Benefits	N/A	195
<b>Total</b>	<b>\$12,651,007</b>	<b>44,138</b>
<b>Estimated Quantifiable Net Benefit</b>	<b>\$12,363,112</b>	<b>N/A</b>

**Competitive Criteria Score:** 175

**Staff Recommendation:** Approval

<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.

**THE APPLICANT**

Headquartered in Fontana, California, ZO Motors North America LLC (the “Applicant”), formed in Delaware as a limited liability company in 2023. The Applicant develops commercial transportation solutions with the goal of achieving zero carbon emissions, aiming to lead the industry’s transition away from fossil fuels and toward cleaner, more sustainable operations. The Applicant plans on exploring hydrogen-powered technologies to further expand its clean transportation offerings.

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

- New Classic Developments Limited (80%)
- Topgame Investments Limited: Owner (20%)

**The major shareholders (10.0% or greater) of the New Classic Developments Limited are:**

- Kevin Wang (100%)

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

- Joost de Vries, Chief Executive Officer
- Bob (Qing) Ye, Executive President
- Harry Zhou, Chief Technology Officer
- Lili (Yanli) Xu, Chief Legal & Corporate Affairs Officer
- Robert Yam, Chief Financial Officer

**THE PROJECT**

ZO Motors North America LLC requests a sales and use tax exclusion (“STE”) award to build a new electric vehicle manufacturing facility in Fontana, California (the “Project”).

According to the Applicant, the Project will support the production of purpose-built, zero-emission commercial vehicles tailored for the North American market. The Applicant plans to launch a diverse lineup of battery-electric and fuel cell vehicles, including work trucks, terminal tractors, drayage vehicles, airport ground support equipment, and school bus chassis. As part of the Project, the Applicant will focus primarily on Class 4, 6, and 8 EV work trucks with its first product being the ZM8 Class 6 work truck. These vehicles are designed to help fleet operators transition from fossil fuels while remaining cost-effective and delivering strong operational performance. The Applicant attributes its low production cost to utilizing design ready vehicle kits, which requires a much shorter assembly line and eliminates the need for body and paint shops.

The Applicant states that its vehicle platforms are optimized for real-world applications, offering solutions that address noise abatement, driver comfort, and long-term fleet sustainability. Key design features enhance durability, safety, supporting efficient deployment and reliable performance across a range of commercial uses.

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

<b>Anticipated Qualified Property Purchases</b>	<b>Cost</b>
Assembly Line Equipment	\$1,233,000
Infrastructure Upgrades/Leasehold Improvements	\$200,000
Fluid Filling Equipment	\$195,000
Tooling	\$279,000
Battery Equipment	\$350,000
Testing Equipment	\$730,000
Forklifts	\$253,000
Miscellaneous Support Equipment	\$155,000
<b>Total</b>	<b><u>\$3,395,000</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**

According to the Applicant, modifications to the facility began in mid-February 2025, with the office area upgrades now completed. Most equipment has been delivered, however, some equipment has now been sourced locally in California, and the Applicant expects these equipment deliveries to be completed by the end of June 2025, after which tool installation will commence. Completion of construction and installation is planned for mid-July 2025 and production line commissioning is scheduled to begin by the end of July 2025, with initial vehicle production expected to begin by Q3 2025. The Applicant aims to have the facility fully operational and at full capacity by the end of 2028.

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

According to the Applicant, the Project requires several permits to be issued by the City of Fontana's planning department, building & safety department, and fire department. These include a Conditional Use Permit, Planning Permit, Building Permits (architectural, structural, mechanical, plumbing, and electrical), a Fire Sprinkler Permit, and a Signage Permit. The Applicant expects the overall permitting process to take approximately three to six months, depending on the plan review schedule, with many permits eligible for concurrent processing. The Applicant confirmed that all permit applications have been submitted and only the construction permits are outstanding. All outstanding permits will be issued by the end of June 2025.

**COMPETITIVE CRITERIA SCORE**

The Applicant received 175 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 Project is located in San Bernardino County, which has an average annual unemployment rate of 5.2%.<sup>5</sup> When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant zero points.
3. **Job Creation (60 of 75 points)**. The Applicant anticipates the Project will support a total of 64 production-related jobs at its Facility. CAEATFA estimates that approximately 3.67 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 60 points.
4. **California Headquarters (15 of 15 points)**. The Applicant maintains its headquarters in Fontana, 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 (0 of 75 points)**. The Project's industry is not in an Emerging Strategic Industry, as defined by CAEATFA, therefore, zero points are awarded.

**PROJECT EVALUATION**

**Project Benefits**

The Project received a Total Score of 44,138 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 25,830 points, which exceeds the 20-point threshold.

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

1. **Fiscal Benefits (18,113 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 \$5,214,593, resulting in a Fiscal Benefits score of 18,113.
2. **Environmental Benefits (25,830 points)**. The Project is anticipated to result in \$7,436,414 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 25,830 points. These benefits derive from replacing fossil fuel powered vehicles with electric vehicles.
3. **Additional Benefits (195 points)**. Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 195 Additional Benefit points.
  - A. **Production Jobs (60 of 75 points)**. The Applicant anticipates the Project will support a total of 64 production-related jobs at its Facility. CAEATFA estimates that approximately 3.67 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 60 points.
  - B. **Construction Jobs (20 of 75 points)**. The Applicant anticipates the Project will support a total of five construction jobs at its Facility. CAEATFA estimates that approximately 0.29 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 San Bernardino County, which has an average annual unemployment rate of 5.2%. When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned zero points.
  - D. **Non-CA Environmental Benefits (40 of 40 points)**. The Applicant's total value of out-of-state non-greenhouse gas emissions pollution benefits are valued at \$54,100.74 resulting in a Non-CA Environmental Benefits Score of 40 points for the Project.
  - 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 electric vehicles.
  - F. **Industry Cluster (25 of 25 points)**. The California Governor's Office of Business and Development and San Bernardino County Economic Development Department identified the industry associated with this Application as an industry cluster for the Project's location's region.

- G. Benefits and Fringe Benefits (25 of 25 points).** The Applicant states it provides medical, health, dental, & vision benefits, bonuses, retirement contributions, and paid leave to its employees, earning the Applicant 25 points.

**LEGAL 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,<sup>6</sup> the Applicant has paid CAEATFA an Application Fee of \$1,762.50 and will pay CAEATFA an Administrative Fee of \$15,000 should the Applicant be approved for an award.

**RECOMMENDATION**

Staff recommends the approval of Resolution No. 25-SM001-01 for ZO Motors North America LLC's purchase of qualifying tangible personal property in an amount not to exceed \$3,395,000 anticipated to result in an approximate STE value of \$287,896. 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.

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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 ZO MOTORS NORTH AMERICA LLC**

**June 17, 2025**

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **ZO Motors North America 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 \$3,395,000 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 the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.