

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

Board Meeting Date: Tuesday, June 17, 2025

***Review and Competitive Criteria Process for the 2025
Sales and Use Tax Exclusion Program's First Application Period¹***

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SUMMARY

For the 2025 calendar year, CAEATFA is statutorily authorized \$100 million in sales and use tax exclusion ("STE") to award to Recycled Resource Extraction, Advanced Transportation Technology, Alternative Source, and Advanced Manufacturing projects.

CAEATFA held its first application period from December 13, 2024 through January 30, 2025, and received 36 Applications requesting approximately \$94.6 million in STE. Four Applications withdrew during the preliminary review period and one Application withdrew right before the Board meeting. Of the remaining 31 Applications, 23 applied under the small pool, 5 under the general pool, and 3 under the general and large pools. The small pool is the only pool that is oversubscribed.

Pursuant to the competitive process and pools of STE established in program regulations (see Background and Regulations section below), CAEATFA staff ("Staff") will present the 31 Applications before the Board for consideration. After the final review process of the Applications, the total requested amount of STE increased to approximately \$95.1 million.

The remaining \$4.9 million STE will be available to award to small and general pool Applicants for the second application period. The second application period starts June 27, 2025 and ends July 11, 2025, with presentation to the Board for any awards at the September 16, 2025, board meeting.

Table 1 below shows the total amount of Qualified Property and estimated STE amounts being requested from the Program's 2025 annual allocation. The breakdown of each project pool is presented in Tables 2 through 5 below.

Table 1: Total Amount Considered Per Board Meeting		
Meeting Date	Qualified Property Amount	Estimated STE²
June 17, 2025	\$1,120,984,042.00	\$95,059,447
Total	\$1,120,984,042.00	\$95,059,447

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

² The sales and use tax exclusion amount is based on the average sales tax rate of 8.48%.

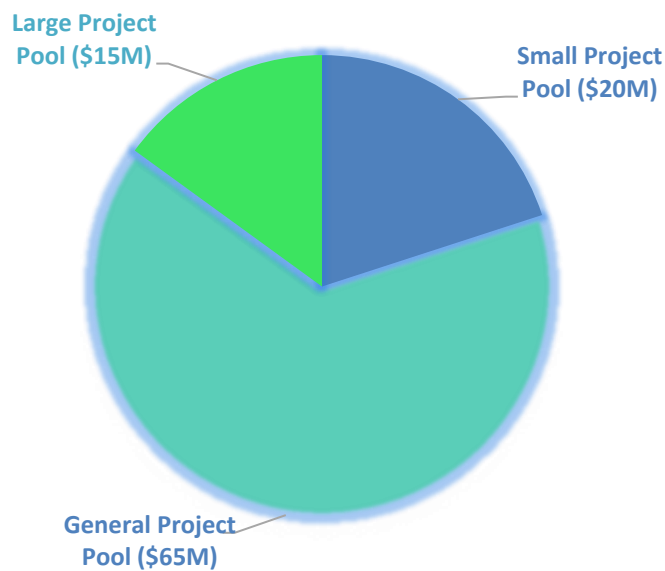
BACKGROUND AND REGULATIONS

Per-Applicant Cap, Pools of STE, and Order of Consideration

As mentioned, statute currently limits CAEATFA to \$100 million in STE awards each calendar year.³ Due to the popularity of the STE Program, Staff implemented regulations that protect STE availability for smaller projects and ensure access to STE awards for Applicants with larger projects. Specifically, the small project pool of \$20 million in STE is available for award to Applicants requesting \$2 million or less in STE (“Small Project Pool”) through the first two application periods in 2025;⁴ and for Applicants with larger projects exceeding the \$10 million per-applicant STE cap, an additional \$15 million in STE is available to award (also subject to a \$10 million cap meaning a large pool applicant could request up to \$20 million in STE) in the first Application period of the calendar year (“Large Project Pool”).⁵

In the event the Small Project Pool is expended in the first round, Applicants requesting \$2 million or less in STE may apply in the second (or third) round, if any STE is available, but will be competing with general pool Applicants. Applicants during the second or third round may only receive awards up to the \$10 million cap or the remaining STE, whichever is smaller.

Figure 1: Allocation of the Annual \$100M in STE



³ Public Resources Code Section 26011.8(h)

⁴ California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

⁵ California Code of Regulations Title 4, Division 13, Section 10032(a)(5)(B)

Small Project Pool \$20M in STE	General Pool \$65M in STE	Large Project Pool \$15M in STE
<ul style="list-style-type: none"> •Set-aside for applicants requesting \$2M or less in STE •Available through Sept •Considered first at each Board meeting 	<ul style="list-style-type: none"> •General pool •Applicants capped at \$10M 	<ul style="list-style-type: none"> •To award on top of \$10M cap from general pool •For larger projects (may request up to \$10M more) •Available only in the first application round

CAEATFA bases the review and consideration of Applications on a ranking of Competitive Criteria,⁶ and that Small Project Pool Applications must be considered before general pool Applications.⁷

If the amount requested in the last Application considered in the Small Project Pool exceeds the STE available from the pool, CAEATFA shall award the remaining STE request using STE from the general pool of STE allocation, if any remains. Any Applicant requesting \$2 million or less in STE that is not awarded from the Small Project Pool is considered for an award from the general pool of STE allocation, if any remains.⁸ This provision is applicable to one Small Project Pool Applications this round (see Table 3).

If the amount requested in the last Application requesting STE from the \$15 million Large Project Pool exceeds the STE available from that pool, the Applicant shall only receive the amount remaining from the \$15 million in STE set-aside.⁹ This provision is not applicable this round

Additionally, if the amount requested in the last Application considered exceeds the STE available in the calendar year, the Authority shall award the remaining STE request using STE from the following calendar year, up to \$2 million in STE. Any remaining Applications are placed on the waiting list.¹⁰ This provision is not applicable this round as there is still STE remaining in the year.

Competitive Criteria

The Applications with the greatest point score are reviewed and presented to the CAEATFA Board. In the event of a tie, Staff will consider the Application representing the smaller STE award first.¹¹

The maximum number of points is 415. Below is a breakdown of the seven competitive criteria used to score Applications.

⁶ California Code of Regulations Title 4, Division 13, Section 10032(a)(7)

⁷ California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

⁸ California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

⁹ California Code of Regulations Title 4, Division 13, Section 10032(a)(5)(B)

¹⁰ California Code of Regulations Title 4, Division 13, Section 10032(a)(7)(A)

¹¹ California Code of Regulations Title 4, Division 13, Section 10032(a)(7)(A)

Environmental Benefits (100 Points). Applicants with Recycled Resource Extraction Projects or Projects that produce an Advanced Transportation Technology or an Alternative Source product, component, or system (i.e., a Project that has environmental benefits that can be monetized and scored pursuant to the STE Program’s regulations)¹² receive 100 points.

Unemployment (Up to 50 Points). Applicants can receive up to 50 points based on how much greater the local unemployment rate is in comparison to the annual average statewide unemployed rate pursuant to the following formula: $\text{Points} = [(\text{local rate}/\text{state rate}) * 100] - 100$. For example, if the annual average statewide unemployment rate is 5.23%, and the local unemployment rate for the project is 7.5%, the project would earn 43 points as follows: $[(7.5\%/5.23\%) * 100] - 100 = 43$ points.¹³

Job Creation (up to 75 Points). Applicants can also receive up to 75 points based on the amount of the STE per job created as a result of the estimated marginal increase in equipment purchased from the STE.

Points for Job Creation	
1 Job ≤ \$50,000 in STE	= 75 points
\$50,000 in STE < 1 Job ≤ \$100,000 in STE	= 60 points
\$100,000 in STE < 1 Job ≤ \$150,000 in STE	= 55 points
\$150,000 in STE < 1 Job ≤ \$200,000 in STE	= 45 points
\$200,000 in STE < 1 Job ≤ \$300,000 in STE	= 40 points
\$300,000 in STE < 1 Job ≤ \$400,000 in STE	= 35 points
\$400,000 in STE < 1 Job ≤ \$750,000 in STE	= 30 points
\$750,000 in STE < 1 Job ≤ \$1,500,000 in STE	= 20 points
1 Job > \$1,500,000 in STE, or 0 jobs created	= 0 points

For example, if an Application requests \$7,000,000 in STE and the project is anticipated to create 10 jobs as a result of the STE, 1 job created is worth \$700,000 in STE, and, therefore, 30 points would be awarded.¹⁴

Natural Disaster Relief (50 Points). An Applicant will receive 50 points if it can demonstrate the project is to relocate or rebuild 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.¹⁵

California Headquarters (15 Points). Applicants with corporate headquarters located in California receive 15 points.¹⁶

Ineligibility for the CDTFA Statewide Partial Exemption for Manufacturing and Research & Development (50 Points). Applicants that are not eligible to use any of the exemptions

¹² California Code of Regulations Title 4, Division 13, Section 10033(c)(4)

¹³ California Code of Regulations Title 4, Division 13, Section 10033(c)(5)(A)

¹⁴ California Code of Regulations Title 4, Division 13, Section 10033(c)(5)(B)

¹⁵ California Code of Regulations Title 4, Division 13, Section 10032(a)(8)(B)(i)(d)

¹⁶ California Code of Regulations Title 4, Division 13, Section 10032(a)(8)(B)(i)(e)

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established pursuant to Revenue and Taxation Code Section 6377.1, administered through the California Department of Tax and Fee Administration (“CDTFA”) receive 50 points.¹⁷

CAEATFA’s Emerging Strategic Industry List (75 Points). An Applicant with a Project on CAEATFA’s Emerging Strategic Industry List receives 75 points.

This is the Emerging Strategic Industry List as of January 2025.

Product	NAICS
Lithium compounds	325180
Geothermal steam	221330
Batteries for electric vehicles, home and commercial energy storage, or grid scale energy storage ³	335911
Batteries for electric vehicles, home and commercial energy storage, or grid scale energy storage ⁴	335912
Leading-edge, current-generation, or mature-node semiconductors or components used in the semiconductor supply chain ⁵	334413
Semiconductor manufacturing equipment	333242
Research and Development in NanoTech	541713

¹⁷ California Code of Regulations Title 4, Division 13, Section 10032(a)(8)(B)(i)(f)

Tables 2 through 5 below provide a breakdown of the allocation per pool of STE.

Table 2		
Small Project Pool Awards (\$20M available)		
(\$2M of STE or under & only available through September)		
June 17, 2025 Board Meeting		
Applicant Name	Qualified Property Amount	Estimated STE
Rivian LLC	\$4,872,625.00	\$413,199
Rincell Corporation	\$13,209,100.00	\$1,120,132
Nitricity, Inc. and Nitricity Delhi, LLC	\$8,700,000.00	\$737,760
Sierra View Dairy Biogas LLC	\$2,131,486.00	\$180,750
Antonio Brasil Dairy Biogas LLC	\$2,595,033.00	\$220,059
Black Diamond Dairy Biogas LLC	\$3,238,839.00	\$274,654
ZO Motors North America LLC	\$3,395,000.00	\$287,896
Tandem PV, Inc.	\$17,500,000.00	\$1,484,000
Force Energy Corporation	\$10,510,900.00	\$891,324
HieFo Corporation	\$13,500,000.00	\$1,144,800
Trojan Battery Company, LLC	\$16,500,000.00	\$1,399,200
6-X Dairy Biogas LLC	\$6,402,766.00	\$542,955
SANCO Services, L.P.	\$13,613,115.00	\$1,154,392
Applied Materials, Inc. (25-SM033)	\$23,535,000.00	\$1,995,768
AEM Americas Inc.	\$4,498,100.00	\$381,439
Heirloom Carbon Technologies, Inc.	\$9,827,600.00	\$833,380
Intuitive Surgical, Inc. and Intuitive Surgical Operations, Inc.	\$23,500,000.00	\$1,992,800
Best Express Foods, Inc.	\$8,631,614.00	\$731,961
Vast Space, LLC	\$8,200,000.00	\$695,360
Fuse Energy Technologies Corp	\$1,040,162.00	\$88,206
All Weather Architectural Aluminum Inc.	\$14,700,000.00	\$1,246,560
Mango Materials, Inc.	\$23,065,760.00	\$1,955,976
Prose Beauty Inc. ¹⁸	\$2,681,956.60	\$227,430
Total¹⁹	\$235,849,056.60	\$20,000,000
Amount Remaining	\$0.00	\$0.00

¹⁸ Pursuant to California Code of Regulations Title 4, Division 13, Section 10032(a)(4), if approved, Prose Beauty, Inc. will receive a partial award from general pool to be made whole as the Small Project Pool is oversubscribed.

¹⁹ Total and remaining Qualified Property and STE values may not calculate correctly due to rounding issues.

Table 3		
General Project Pool Awards (up to \$10M in STE per Applicant)		
June 17, 2025 Board Meeting		
Applicant Name	Qualified Property Amount	Estimated STE
Partial Award to Small Pool Project Pool Applications²⁰		
Prose Beauty Inc.	\$6,218,043.40	\$527,290
General Project Pool Applications		
Robert Bosch Semiconductor LLC	\$117,924,528.30	\$10,000,000
Joby Aero, Inc.	\$100,623,218.00	\$8,532,849
Archer Aviation, Inc. and Archer Air LLC	\$60,000,000.00	\$5,088,000
AggrePlex of Modesto LLC	\$26,522,315.00	\$2,249,092
Applied Materials, Inc. (25-SM032)	\$117,924,528.30	\$10,000,000
Lam Research Corporation	\$117,924,528.30	\$10,000,000
Infinera Corporation	\$46,000,000.00	\$3,900,800
Figure AI Inc.	\$117,771,409.00	\$9,987,015
Total	\$710,908,570.30	\$60,285,047
Amount Remaining	\$55,600,863.67	\$4,714,953

Table 4		
Large Project Pool Awards (\$15M available) (up to \$10M additional STE per Project – Available First Round ONLY)		
June 17, 2025 Board Meeting		
Applicant Name	Qualified Property Amount	Estimated STE
Robert Bosch Semiconductor LLC	\$117,075,471.70	\$9,928,000
Applied Materials, Inc. (25-SM032)	\$38,075,471.70	\$3,228,800
Lam Research Corp	\$19,075,471.70	\$1,617,600
Total	\$174,226,415.10	\$14,774,400
Amount Flowing to General Project Pool	\$2,660,377.35	\$225,600

²⁰ See footnote 18.

Table 5		
Total Project Pool Awards		
STE Project Pool	Qualified Property Amount	Estimated STE
Small Project Pool Total	\$235,849,056.60	\$20,000,000
General Project Pool Total	\$710,908,570.30	\$60,285,047
Large Project Pool Total	\$174,226,415.10	\$14,774,400
Total	\$1,120,984,042.00	\$95,059,447
Amount Available for the Second Application Period	\$58,261,241.02	\$4,940,553

COMPETITIVE PROCESS AND ALLOCATION OF STE POOLS

Although not all pools of STE are oversubscribed, Tables 6 through 8 on the following pages list the approved Applications ranked based on Competitive Criteria.

Table 6: Small Project Pool Applications, by Competitive Criteria

Applicant	Industry	County	Estimated STE	Total Score	Environmental Benefits	Unemployment	Job Creation	CA HQ	Disaster Relief	Ineligibility for CDTFA Partial Exemption	Emerging Strategic Industry
Rivian LLC	Lithium-Ion Batteries	Sacramento	\$413,199	235	100	0	45	15	0	0	75
Rincell Corporation	Lithium-Ion Batteries	Sacramento	\$1,120,132	235	100	0	45	15	0	0	75
Nitricity, Inc. and Nitricity Delhi, LLC	Fertilizer	Merced	\$737,760	195	100	50	30	15	0	0	0
Sierra View Dairy Biogas LLC	Dairy Biogas	Tulare	\$180,750	185	100	50	20	15	0	0	0
Antonio Brasil Dairy Biogas LLC	Dairy Biogas	Merced	\$220,059	185	100	50	20	15	0	0	0
Black Diamond Dairy Biogas LLC	Dairy Biogas	Fresno	\$274,654	185	100	50	20	15	0	0	0
ZO Motors North America LLC	Electric Vehicles	San Bernardino	\$287,896	175	100	0	60	15	0	0	0
Tandem PV, Inc.	Solar Photovoltaic	Alameda	\$1,484,000	155	100	0	40	15	0	0	0
Force Energy Corporation	Alternative Source	Tuolumne	\$891,324	153	100	3	35	15	0	0	0
HieFo Corporation	Semiconductor	Los Angeles	\$1,144,800	149	0	4	55	15	0	0	75
Trojan Battery Company, LLC	Batteries	Los Angeles	\$1,399,200	149	0	4	55	15	0	0	75
6-X Dairy Biogas LLC	Dairy Biogas	Stanislaus	\$542,955	147	100	32	0	15	0	0	0
SANCO Services, L.P.	Biogas Capture	San Diego	\$1,154,392	135	100	0	20	15	0	0	0
Applied Materials, Inc. (25-SM033)	Display Tools and Components	Santa Clara	\$1,995,768	130	0	0	40	15	0	0	75
Table 6 *(continued): Small Project Pool Applications, by Competitive Criteria											

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Applicant	Industry	County	Estimated STE	Total Score	Environmental Benefits	Unemployment	Job Creation	CA HQ	Disaster Relief	Ineligibility for CDTFA Partial Exemption	Emerging Strategic Industry
AEM Americas Inc.	Ceramic Substrate Heaters & Thermal Subsystems	San Diego	\$381,439	120	0	0	45	0	0	0	75
Heirloom Carbon Technologies, Inc.	Sequestered Carbon	San Joaquin	\$833,380	102	0	27	60	15	0	0	0
Intuitive Surgical, Inc. and Intuitive Surgical Operations, Inc.	Robotic Surgical Systems and Tools	Santa Clara	\$1,992,800	90	0	0	75	15	0	0	0
Best Express Foods, Inc.	Food	San Joaquin	\$731,961	87	0	27	45	15	0	0	0
Vast Space, LLC	Space Station Modules	Los Angeles	\$695,360	79	0	4	60	15	0	0	0
Fuse Energy Technologies Corp	Power Modules	Alameda	\$88,206	75	0	0	60	15	0	0	0
All Weather Architectural Aluminum Inc.	Windows and Doors	Solano	\$1,246,560	70	0	0	55	15	0	0	0
Mango Materials, Inc.	Biopolymer Pellets	Solano	\$1,955,976	45	0	0	30	15	0	0	0
Prose Beauty Inc.	Beauty Products	Los Angeles	\$754,720	44	0	4	40	0	0	0	0

Table 7: General Project Pool Applications, by Competitive Criteria

Applicant	Industry	County	Estimated STE	Total Score	Environmental Benefits	Unemployment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
Robert Bosch Semiconductor LLC	Semiconductor	Placer	\$10,000,000	220	100	0	30	15	0	0	75
Joby Aero, Inc.	Electric Aircraft	Monterey; San Mateo	\$8,532,849	215	100	40	60	15	0	0	0
Archer Aviation, Inc. and Archer Air LLC	Electric Aircraft	Monterey	\$5,088,000	190	100	40	35	15	0	0	0
AggrePlex of Modesto LLC	Glass Recycling	Stanislaus	\$2,249,092	152	100	31	20	0	0	0	0
Applied Materials, Inc. (25-SM032)	Semiconductor	Santa Clara	\$10,000,000	150	0	0	60	15	0	0	75
Lam Research Corporation	Semiconductor Fabrication Equipment	Alameda	\$10,000,000	145	0	0	55	15	0	0	75
Infinera Corporation	Semiconductor	Santa Clara	\$3,900,800	145	0	0	55	15	0	0	75
Figure AI Inc.	Humanoid Robots	Santa Clara	\$9,987,015	45	0	0	30	15	0	0	0

Table 8: Large Project Pool Applications, by Competitive Criteria

Applicant	Industry	County	Estimated STE	Total Score	Environmental Benefits	Unemployment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Emerging Strategic Industry
Robert Bosch Semiconductor LLC	Semiconductor	Placer	\$9,928,000	220	100	0	30	15	0	0	75
Applied Materials, Inc. (25-SM032)	Semiconductor	Santa Clara	\$3,228,800	150	0	0	60	15	0	0	75
Lam Research Corporation	Semiconductor Fabrication Equipment	Alameda	\$1,617,600	145	0	0	55	15	0	0	75