

FINDING OF EMERGENCY

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

Title 4, Division 13, Article 2

Finding of Emergency

Pursuant to California Public Resources Code Section 26009, the regulations being adopted herewith by the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) as emergency regulations (the “Emergency Regulations”) are, by legislative mandate, necessary for the immediate preservation of the public peace, health and safety, and general welfare.

Necessity

These Emergency Regulations are necessary to implement, interpret and make specific Public Resources Code Sections 26000, *et. seq.* by amending procedures that will enable the Authority to grant sales and use tax exclusions for qualifying advanced transportation, alternative source, advanced manufacturing, and recycled feedstock applicants as defined in Public Resources Code Sections 26003 and 26011.8, which authorizes the Authority to award such sales and use tax exclusions.

Authority and Reference

Authority: Public Resources Code Section 26009 and 26011.8. Section 26009 of the Public Resources Code authorizes the Authority to adopt emergency regulations necessary for the immediate preservation of the public peace, health, safety, or general welfare in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

Reference: Public Resources Code Section 26011.8; Revenue and Taxation Code Section 6010.8. This regulation will implement and make specific Section 26011.8 of the Public Resources Code.

Informative Digest

Existing law establishes the California Alternative Energy and Advanced Transportation Financing Authority and authorizes the Authority to provide financial assistance, as defined, to Participating Parties, as defined in Public Resources Code Section 26003(a)(7), for Alternative Source, Advanced Transportation, Advanced Manufacturing, and recycling Projects, also known as the Sales and Use Tax Exclusion Program (“Program”). (See Public Resources Code (“PRC”) Sections 26003(a) and 26011.8(b), and Revenue and Taxation Code Section 6010.8.)

Existing law authorizes CAEATFA to provide a sales and use tax exclusion (“STE”) to certain types of manufacturers and recyclers to promote the creation of California-based manufacturing, California-based jobs, advanced manufacturing, the reduction of greenhouse gases, or reductions in air and water pollution or energy consumption. (PRC Section 26011.8(a).) Existing law specifies criteria by which CAEATFA shall evaluate Project applications, including the extent to which the Project will create new, permanent full-time jobs in California; the extent of unemployment in the area in which the Project is proposed to be located; and, to the extent feasible, the extent to which the Project, or the product produced by the Project, results in a reduction of greenhouse gases, a reduction in air or water pollution, an increase in energy efficiency, or a reduction in energy consumption, beyond what is required by federal or state law or regulation; and any other factors the Authority deems appropriate in accordance with Section 26011.8. (PRC Section 26011.8(d).)

In October 2019, Governor Newsom signed into law AB 176 (Cervantes, Chapter 672, Statutes of 2019), which adds to the Application evaluation criteria the extent to which a Project will result in the loss of permanent, full-time jobs in California, including the average and minimum wage for each classification of full-time employees proposed to be hired or not retained. Existing law also limits the amount of STE CAEATFA may grant for each calendar year to \$100 million. (PRC Section 26011.8(h).)

Existing Program regulations establish eligibility and evaluation criteria by which Applications are reviewed in accordance with PRC Section 26011.8(d). Existing Program regulations provide that CAEATFA will accept Applications on a rolling, first-come-first-serve basis until the Program becomes oversubscribed, and that the Board may limit the number of meetings at which Applications will be considered. As part of the Application, existing Program regulations require Applicants to submit information on the Applicant’s business, the proposed Project, and the product(s) to be manufactured.

Current Program regulations also limit Applicants to receiving \$20 million in STE per calendar year based on the average statewide sales tax rate at the time of application. If any STE from the \$100 million cap will be available at the end of the year, after all Applications submitted for that calendar year have been considered, capped Applicants may submit a revised Application for consideration by the Authority to seek additional STE. Current Program regulations provide that any STE remaining from the \$100 million cap shall be split evenly among Applicants the Authority approves to receive additional STE.

Existing Program regulations establish a competitive process whereby Applications are ranked based on specific criteria to determine the order of priority for consideration by the Authority if the Program becomes oversubscribed in a given month.

Existing Program regulations require approved Applicants to execute a Regulatory Agreement with CAEATFA that sets out the terms of using the award. Current Program regulations require approved Applicants to purchase at least 15% of the total Qualified Property amount approved within one year of approval and do not provide the Board the ability to waive or extend this requirement.

Existing Program regulations require Applicants to pay fees to cover the cost of reviewing Applications and administering the Program. Current regulations require Applicants to pay a \$500 fee for requests to modify the Regulatory Agreement or authorizing resolution that must be approved by the Authority.

By the July 2019 Board meeting, CAEATFA had exhausted the \$100 million STE cap, the first time in Program history for it to be fully awarded prior to the December Board meeting, and the first time the Program's Competitive Criteria were used to determine which Applicants would be considered. Given the limited resources and recent competitive nature of the Program, the CAEATFA Board requested that Staff re-evaluate Program goals and priorities to determine how best to effectuate the purpose of the Program. Additionally, Staff has been identifying lessons learned throughout Program implementation.

At the November 19, 2019 Board meeting, Staff presented proposed amended regulations reflecting feedback from the Board and Staff's stakeholder outreach. The modified regulations made incremental changes to address more immediate Program priorities at the time, while reserving some of the more complex issues after Staff could take more time to solicit input and thoughtfully consider the issues and policy trade-offs.

After the initial emergency regulations were approved by the Office of Administrative Law and became effective on December 16, 2019, CAEATFA began accepting STE Applications for the 2020 calendar year. By the first Application deadline, the Program was oversubscribed for the 2020 calendar year. In March 2020, the CAEATFA Board approved 18 Applications, fully awarding the \$100 million in STE. Six Applicants requesting approximately \$10 million in STE remain on the waitlist.

Since then, the COVID-19 pandemic has spread throughout the world, affecting purchase timeframes, financing, feedstock supply, revenue, construction, and operations for previously approved Applicants. However, the ultimate market impact of COVID-19 is unknown.

Given the significant Program and market changes since the December 2019 emergency regulations first became effective, CAEATFA conducted additional stakeholder outreach and discussions to determine what lessons learned can be applied to the regulations going forward. On May 12, 2020, CAEATFA issued an Invitation for Comments soliciting initial public feedback on potential modifications to the Program's regulations. At the June 16, 2020 Board meeting, CAEATFA held a public discussion on potential modifications to the Program regulations. Incorporating feedback from the Invitation for Comments and the June Board meeting discussion, CAEATFA staff presented a list of proposed modifications for public discussion at the July 21, 2020 Board meeting and accepted written comments on the proposed modifications. Proposed amended regulations reflecting feedback from the Board and Staff's stakeholder outreach were presented and approved by the CAEATFA Board at the September 15, 2020 Board meeting. Given

the significant changes to the Program regulations, the December 2019 emergency regulations expired on October 15, 2020.

The proposed Emergency Regulations address the Program’s oversubscription for the last two years, the unprecedented economic impact of the COVID-19 pandemic, and incorporate lessons learned from Program implementation. The proposed amendments and objectives for each modification are described below.

The proposed Emergency Regulations will allow the Authority to continue to offer financial assistance to alternative source, advanced transportation, advanced manufacturing, and recycling Projects. By promoting these types of Projects, the Authority promotes California-based manufacturing, California-based jobs, the reduction of greenhouse gases, and the reduction of air and water pollution and energy consumption.

Government Code Section 11346.5(a)(3)(D) requires that the notice of emergency rulemaking shall include, “an evaluation of whether the proposed regulation is inconsistent or incompatible with existing state regulations.” The Authority’s legal counsel reviewed the California Code of Regulations and found no existing regulations dealing with this issue. Therefore, CAEATFA believes that the proposed regulation is neither inconsistent nor incompatible with existing state regulations.

Section 10031. Definitions.

This section includes definitions of terms commonly used throughout the regulations and Program documents. This section is amended to add further specificity and clarity, update definitions to include Advanced Manufacturing and recycling Projects, and update section references.

Necessity

Section 10031(a) is amended to specify that the Administrative Fee is payable upon execution of the Regulatory Agreement and at the time of submitting semi-annual reports. The proposed amendment is necessary to clarify an Administrative Fee is not just due with submission of semi-annual reports, but also upon execution of the Regulatory Agreement, consistent with regulation Section 10036(b).

Section 10031(p) is amended to update the definition of “Facility or “Facilities” to include Advanced Manufacturing and recycling Projects. The proposed amendment is necessary to include Advanced Manufacturing and recycling Projects, which were added to the Program by SB 1128 (Padilla, Chapter 677, Statutes of 2012) and AB 199 (Eggman, Chapter 768, Statutes of 2015).

Section 10031(v) is amended to update the statutory reference for the definition of “Project” to Public Resources Code Section 26011.8(b)(1), as amended by AB 199.

Section 10031(w) is amended to update the definition of “Qualified Product” to include products produced by recycling Projects, which were added to the Program by AB 199.

Section 10032(a). Application Requirements. Timing of Application submissions.

This subsection is amended to streamline the Application process, adjust the annual per-Applicant cap from \$20 million in STE to \$10 million in STE, provide a \$20 million set-aside for Applications requesting \$2 million or less in STE and a \$15 million set-aside at the first Board meeting of the year for Applications requesting up to \$20 million in STE, change the methodology by which additional STE is allocated to capped Applicants if any of the \$100 million statutory cap remains at the end of the year, update the Competitive Criteria by which Applicants are ranked in the event the Program is oversubscribed, and make some technical and clarifying changes.

Necessity

Section 10032(a)(1) is amended to include reference to subparagraph (9), which is an exception to allowing Applications to be submitted for consideration at any time. This section is also amended to reflect the renumbering of referenced subparagraphs (9) and (10), which have been renumbered due to the addition of subparagraph (4). This amendment is necessary to make clear the instances in which Applications may not be accepted.

Section 10032(a)(2) is amended to require only an electronic version of the Application. Current regulations require Applicants to provide both an electronic version and a hard copy of the Application. CAEATFA has determined that a hard copy of the Application is not necessary; therefore, this amendment is necessary to streamline the Application process and remove the requirement of providing a hard copy Application.

Section 10032(a)(3) is amended to acknowledge and delineate the Board's ability to limit the amount of STE available to award at each meeting. In 2019, the \$100 million in STE allocation was fully awarded by the July meeting, and in 2020, the entire allocation was awarded after one Application period at the March meeting. The amendment is necessary to provide the Board the flexibility to spread out the availability of the STE throughout the year. Along with the current ability for the Board to limit the number of meetings at which Applicants will be considered for STE, the Board will have the flexibility to appropriately consider and allocate STE to an oversubscribed pool of Applicants.

Section 10032(a)(4) is amended to establish a set-aside of \$20 million in STE for Applications requesting \$2 million or less in STE. These modifications are necessary to balance CAEATFA's ability to ensure a broad distribution of STE and assist larger, scalable Projects.

The proposed regulations set aside \$20 million in STE annually for Applicants requesting \$2 million or less in STE. This \$20 million would be set aside through September, ensuring availability for smaller Projects throughout the year, and if any remains after the September Board meeting, it would be made available to award to all Applicants beginning in October. If CAEATFA receives more than \$20 million in requests for awards of \$2 million or less, the order in which the Applicants will be considered for award from the \$20 million set-aside will be based on Competitive Criteria. If the last Applicant considered requests more than what is available from the remaining \$20 million set-aside, the Applicant will be made whole from the general pool of STE allocation, if any remains. (The general pool of STE allocation will be \$65 million, after the

\$20 million set-aside described here and the \$15 million set-aside for larger Projects described in proposed Section 10032(a)(5)(B) is deducted from the \$100 million statutory cap.) Any Application requesting \$2 million or less in STE that is not awarded from the \$20 million in STE set-aside will be considered for an award from the general pool of STE allocation, if any remains.

Historical data shows that since the Program began, approximately 71% of Applications have been for Projects of \$2 million or less in STE. While \$2 million in STE represents a small percentage of the total \$100 million in STE allocation, this Project size also accommodates over a majority of Applicants. Additionally, historical data since the beginning of the Program show the average of total amount of STE awarded to Applications requesting \$2 million or less in STE in one calendar year is \$11,052,087. Since 2015, when the Legislature gave CAEATFA the authority to award STE to Applicants that process or utilize recycled feedstock, the average total amount of STE awarded to Applications requesting \$2 million or less in a calendar year is \$13,399,348. Setting aside \$20 million will ensure that the historical number of smaller Projects are guaranteed to receive STE and allow room for growth in the number of smaller Projects awarded. The largest total amount of STE awarded to Applicants requesting \$2 million or less in a single calendar year was \$26,295,395 in 2017. Even if the number of smaller Projects again reaches or surpasses the height of 2017, the \$20 million set aside will ensure that the majority of those Applicants will receive STE, while allowing the remainder of Applicants requesting \$2 million or less to qualify for STE from the general pool.

The proposed regulations are necessary to ensure both a broad distribution of awards and the ability to assist large, scalable Projects. By setting aside \$20 million for Applicants requesting \$2 million or less in STE, the Board will be able to ensure that a broad number of smaller Projects will be able to receive STE in the full amount requested. Under current regulations, Applicants seeking larger amounts in STE could take the majority of STE during the calendar year, thus leaving less STE for smaller Projects. This amendment guarantees that at least 20% of available STE will be awarded to Applicants seeking financial assistance for a variety of smaller Projects. The \$20 million set-aside for Applicants requesting \$2 million or less in STE works in conjunction with the \$15 million set-aside for Applicants seeking up to \$20 million in STE, as detailed in proposed section 10032(a)(5)(B). With both of these proposed changes, CAEATFA will have the flexibility it needs to support smaller Projects and larger, scalable Projects.

Section 10032(a)(5) is amended to lower the per-Applicant cap from \$20 million in STE to \$10 million in STE. Current regulations limit the amount in STE that Applicant can receive to \$20 million per calendar year and provide Applicants the opportunity to receive additional STE at the end of the year if any of the \$100 million cap remains.

The \$20 million in STE cap amount was originally chosen in 2016 based on historical data at the time, and was determined to most effectively balance the competing needs to (1) ensure a broad distribution of awards, and (2) incentivize large, transformational Projects that may have correspondingly large benefits to the state. Given the increased participation and competition in the Program, the \$20 million cap no longer effectively balances the need to ensure broad distribution of awards. Based on award amounts to date, over 90% of approved Applications have requested \$10 million or less in STE. Lowering the cap is necessary to maximize the number of eligible Applicants receiving an award, but still enable the vast majority of Applications to be fully

awarded with a sizable award (ability to purchase over \$119 million in equipment and machinery). Applicants with larger Projects may still receive additional STE if any remains at the end of the year, or by coming back to the Board for consideration in subsequent calendar years, effectively limiting the Project to spending about \$119 million in a calendar year, but not capping the overall Project size. Additionally, Applicants seeking up to \$20 million in STE may apply for up to \$10 million over the \$10 million cap from a \$15 million set-aside, as described in proposed Section 10032(a)(5)(B).

Proposed subparagraph (5) is renumbered from (4) to (5), necessary due to the addition of proposed subparagraph (4).

Reference is added to new subparagraph (5)(B), which, along with existing subparagraph (A), is an exception to the \$10 million per Applicant cap in STE.

The “STE” abbreviation is deleted due to prior establishment in proposed subparagraph (a)(4) above.

Section 10032(a)(5)(A) is amended to change the order in which Applicants will be assessed for additional STE if any STE is available at the last Board meeting of the year. Current regulations provide that if there is STE available at the end of the year, capped Applicants may submit an updated Application, or a new Application, for consideration at the December Board meeting to receive additional STE. Current regulations also provide that the additional STE will be allocated proportionally based on the Applicants’ Competitive Criteria scores.

These amendments are necessary to allow the Board flexibility to consider Applicants that sought more than the \$10 million per-Applicant cap, but were not awarded additional STE from the set-aside for larger Projects (as detailed in proposed Section 10032(a)(B)(5)). These amendments will give the Board the ability to award any STE left over at the end of the year to those Projects that will benefit most from receiving STE over the \$10 million per-Applicant cap.

The proposed regulations provide that if there is additional STE available at the last board meeting of the year, it will first be made available to the last Applicant considered for additional STE above the \$10 million cap if that Applicant did not receive its full request, in order to provide more certainty to that Applicant, then to any additional Applicants wishing to exceed the \$10 million cap that were not awarded at the first Board meeting of the year, on a competitive basis. If there is still additional STE available, then Applicants wishing to exceed \$20 million in STE will be reviewed and presented to the CAEATFA Board for approval in the order in which they are ranked based on Competitive Criteria. Award amounts will not be proportional based on the Competitive Criteria scores, but based on the full amount requested, as is done under the general Competitive Criteria process, to provide Applicants more certainty and to invest the STE awards more strategically to better promote Program policy goals. The Applicants still will be required to update their Applications if any of the information has changed.

Reference to the \$20 million per Applicant cap in STE is amended to reflect the proposed \$10 million per-Applicant cap in STE.

The amendment also establishes that the Executive Director, rather than the Authority, will announce end-of-the-year availability of STE, which is necessary to streamline Program administration. Generally, CAEATFA does not know if STE will remain at the end of the year until after the October Board meeting, which means that the CAEATFA Board does not vote to announce the availability of STE until the November Board meeting, leaving a very short amount of time between the vote to open up the additional STE to capped Applicants and the December Board meeting, during which time Staff must receive and review an updated Application, prepare a summary of the revised Application, and calculate the amount of STE that would be allocated to each Applicant. Given that the Board will still retain the authority to consider each individual request for additional STE at the December Board meeting, the proposed amendments streamline the process and allow the Executive Director to announce the availability of additional STE at the end of the year as soon as this is known, rather than needing to wait until a Board vote.

Section 10032(a)(5)(B) is added to allow Applicants with larger Projects to seek additional STE from a set-aside of \$15 million in STE, which will be used in addition to the \$10 million per-Applicant cap from the general pool of STE, to award up to \$20 million in STE per Applicant.

At the first Board meeting of the year, \$15 million in STE will be available to award on a competitive basis in addition to the \$10 million in STE from the general pool, up to \$20 million per Applicant. If the amount requested in the last Application considered exceeds the STE available from the \$15 million in STE, the Applicant shall only receive the amount remaining from the \$15 million in STE. If any of the \$15 million is not awarded, it will be released to the general pool to be made available to all Applicants. The \$15 million set-aside will provide flexibility to support larger Projects and continued business investment in California, but also ensures that larger awards do not inadvertently absorb all of the STE allocation. Under previous regulations, any Applicant could seek up to \$20 million in STE, thus providing for the possibility that as few as five larger Projects could take all of the available STE, leaving no STE for smaller Projects.

These proposed regulations are necessary to ensure both a broad distribution of awards and the ability to assist large, scalable Projects. Setting aside \$15 million in STE for the Board to award to Applicants seeking more than the general per-Applicant cap of \$10 million allows for a smaller but significant amount of STE to be awarded to Applicants seeking to establish larger, scalable Projects in California. Historically, since the Program began, an average of two to three Applicants have received awards over \$10 million in STE in a calendar year. With \$15 million to award above \$10 million, up to \$20 million per Applicant, CAEATFA can award up to one \$20 million Project, and one or more Projects requesting \$15 million or under in STE. By awarding the \$15 million on a competitive basis, CAEATFA can strategically invest the STE to meet Program policy goals. The \$15 million set-aside for Applicants seeking up to \$20 million in STE works in conjunction with the \$20 million set-aside for Applicants requesting \$2 million or less in STE, as detailed in proposed Section 10032(a)(4). With both of these proposed amendments, CAEATFA will have the flexibility it needs to support both smaller Projects and larger, scalable Projects.

Section 10032(a)(6) is amended so that the waiting list for Applicants that were not awarded any STE due to oversubscription to the Program will sunset at the end of the calendar year. This section

also establishes a process for awarding Applicants STE if any additional STE become available during the calendar year.

Existing regulations provide that Applications received but not awarded STE due to oversubscription will be put on a waiting list. Current regulations state that Applications that are on the waiting list will be considered in the subsequent calendar year.

The proposed regulations provide that the waiting list will terminate at the end of the year, which, given the competitive nature of the Program, is necessary to prevent Applicants from applying too early in order to get in line for consideration in the following calendar year.

Current regulations provide that if additional STE becomes available, Applications on the waiting list will be reviewed and considered in the order in which they are ranked based on Competitive Criteria. Because the proposed regulations do not provide that the last Applicant considered will always be made whole from the next calendar year's STE allocation (see Section 10032(a)(8)(A)), the proposed regulations provide that if additional STE becomes available during the calendar year, it will first be awarded to the last Applicant considered, if it did not receive its full STE request, to provide more certainty and make that Applicant's request whole, then if there is still STE available, Applicants on the waiting list will be considered in the order in which they are ranked based on Competitive Criteria.

This section is also renumbered from subparagraph (5) to (6), which is necessary due to the addition of proposed subparagraph (4).

Section 10032(a)(7) is renumbered from subparagraph (6) to (7) and is amended to update the reference to subparagraph (7) to (8). These changes are necessary due to the addition of proposed subparagraph (4).

Section 10032(a)(8) is amended to clarify that only Applications submitted for consideration at the Board meeting at which the Program becomes oversubscribed will be ranked based on the Competitive Criteria. This amendment is necessary to clarify that only those Applications, and not Applications already submitted and under review for consideration at earlier Board meetings, will be ranked based on Competitive Criteria.

This section is also renumbered from subparagraph (7) to (8), which is necessary due to the addition of proposed subparagraph (4).

Section 10032(a)(8)(A) is amended to reflect that the proposed amended Competitive Criteria are not worth between one and five points.

Current regulations provide that if the amount requested by the last Applicant considered exceeds the STE available in the calendar year, CAEATFA shall award the remaining STE request using STE from the following calendar year. The proposed regulations cap the amount awarded to the Applicant from the following calendar year to \$2 million in STE. This is necessary to limit the amount of STE taken from the subsequent year given the competitive nature of the Program, while still providing enough STE to try to make the Applicant as whole as possible to provide the

Applicant more certainty. Since the Program began, over 71% of Applications have been for \$2 million or less in STE.

Section 10032(a)(8)(B) is amended to update the Competitive Criteria by which Applicants are ranked in the event the Program is oversubscribed. The proposed amendments modify the Competitive Criteria to include: (1) the Total Pollution Benefits score; (2) the unemployment rate of the county where the Project is located; (3) the amount of STE per job created; (4) if the Project is to rebuild or relocate the Facility due to a fire, flood, storm, or earthquake identified in a state of emergency proclamation made by the California State Governor within two years of the time of application; (5) if the Applicant has a California Corporate Headquarters; and (6) if the Applicant does not qualify for the Manufacturing and Research & Development Equipment Exemption available through the California Department of Tax and Fee Administration (“CDTFA”).

Although the current Competitive Criteria were adopted by CAEATFA in July 2016 and became effective in August 2016, they were not implemented until the July 2019 Board meeting, at which time Staff and the Board recognized the Competitive Criteria did not best reflect current Program goals and priorities.

The proposed amendments award 100 points to Projects with Total Pollution Benefits (“TPB”) points greater than zero as calculated pursuant to Section 10033(c)(4) in order to prioritize Projects with quantifiable environmental benefits, consistent with the Program’s statutory purpose to promote the reduction of greenhouse gases, or reductions in air and water pollution or energy consumption, as well as the statutory requirement that the Authority evaluate Applications based on, to the extent feasible, the extent to which the Project, or the product produced by the Project, results in a reduction of greenhouse gases, a reduction in air and water pollution, an increase in energy efficiency, or a reduction in energy consumption.

The proposed amendments maintain the competitive criterion that looks at the unemployment rate of the county in which the Project will be located, but imports the calculation and scoring from regulation Section 10033(c)(5)(A) to simplify the process and scale the points consistent with the other Competitive Criteria. This criterion is necessary to prioritize Projects that will be located in areas with higher than average unemployment, helping to create jobs in these areas. STE Applicants typically hire both temporary construction and permanent employees for their Projects. These new jobs are especially valuable in areas with higher than average unemployment, which is why the unemployment rate criterion is used to rank Applications in the event of Program oversubscription. Moreover, inclusion of unemployment rate criteria is consistent with evaluation criteria set forth in the authorizing statute, Public Resources Code Section 26011.8(d)(5).

The proposed amendments award up to 75 points to Projects based on the amount of STE per job created, as calculated pursuant to regulation Section 10033(c)(5)(B). This amendment is necessary to prioritize Projects that create jobs in California, consistent with the Program’s statutory purpose to promote the creation of California-based jobs and Public Resources Code Section 26011.8(d)(3), which requires the Authority to evaluate Projects based on the extent to which the Project will create new, permanent jobs in California. This amendment also enables CAEATFA to help both small businesses and larger businesses, recognizing the need to assist both small Projects and larger, scaling Projects in order to meet the Program’s goals.

The proposed amendments maintain the criterion for Projects rebuilding or relocating due to specific natural disasters, to recognize the public benefit of assisting and retaining manufacturers affected by these large-scale emergency disasters. The amendments increase the number of points awarded to from 5 points to 50 points to scale the points consistent with the other Competitive Criteria and priorities. The amendments are necessary to recognize the public benefit of assisting and retaining manufacturers affected by these large-scale emergency disasters. Because a state of emergency proclamation may be made for various reasons that would not directly affect the operability of a manufacturing facility, such as a vaccine shortage, it is necessary to limit the proposed regulation to physical disasters. The proposed regulations limit eligibility for the competitive criterion to state of emergency proclamations made within two years of the time of application in order to give manufacturers sufficient time to develop a proposed Project while also prioritizing manufacturers that seek to quickly and efficiently restart operations, thereby maximizing the economic impact of assisting affected manufacturers.

The proposed amendments maintain the criterion for Applicants with a California Corporate Headquarters. This amendment is necessary to prioritize Applicants that have their Corporate Headquarters located in California. The presence of a Corporate Headquarters in California brings jobs for California residents and tax revenue that can be reinvested back into the state. The amendments increase the number of points awarded from 1 point to 15 points to scale the points consistent with the other Competitive Criteria and priorities.

The proposed amendments award 50 points in the Competitive Criteria to Projects that do not qualify for the CDTFA partial sales tax exemption. This amendment acknowledges the difference between the STE Program and the Manufacturing and Research & Development Equipment Exemption available through the CDTFA (under Revenue and Taxation Code Section 6377.1), which can offset the Applicant's costs of not receiving a CAEATFA STE award. The proposed regulations specify that Staff will consult with CDTFA regarding questions of eligibility for the Manufacturing and Research & Development Equipment Exemption. This amendment is necessary to provide Projects that cannot receive a partial tax exemption a balanced opportunity to receive tax relief under the STE Program.

The proposed amendments remove the competitive criterion for new Applicants in order to prioritize the specific benefits of individual Projects consistent with the Program's purpose and goals.

Section 10032(a)(9) is renumbered from subparagraph (8) to (9). This is necessary due to the addition of proposed subparagraph (4).

Section 10032(a)(10) is renumbered from subparagraph (9) to (10). This is necessary due to the addition of proposed subparagraph (4).

Section 10032(b). Application Requirements. Application.

Sections 10032(b)(4) and (5) are amended to reflect that a hard copy of the Application will no longer be required and to fix a regulation section reference.

Necessity

Because the proposed amendments will require only an electronic version of the Application, the Application Fee must be submitted to the CAEATFA office separately. Therefore the proposed amendments specify the Application Fee must be received within five business days of submission of the Application, consistent with the current requirement that the hard copy Application and Application Fee must be received within five business days under the current text of regulation Section 10032(a)(2). Section 10032(b)(5) is removed because the proposed amendments no longer require a hard copy Application.

Section 10032(c). Application Requirements. Documentation.

This section is amended to update the Legal Status Questionnaire version date; include additional Applicant and Project information necessary to determine eligibility for points in the event the Program is oversubscribed or if the Applicant seeks additional STE above \$10 million, as well as information necessary to better evaluate Program impact and reach; open up the additional points available to Advanced Manufacturers for certain criteria to all eligibility pathways; and add clarifying language and fix a technical error.

Additionally, this section has been amended to include additional Application information necessary for the implementation of AB 176, which requires CAEATFA to include in the Application evaluation criteria the extent to which a Project will result in a loss of permanent, full-time jobs in California, including the average and minimum wage of each classification of full-time employees proposed to be hired or not retained.

Necessity

Section 10032(c)(2) is amended to update the Legal Status Questionnaire version and is necessary to incorporate the most current version of the Legal Status Questionnaire. The Legal Status Questionnaire is updated to include matters related to employment conditions, including, but not limited to, wage claims, discrimination, or harassment, in order to ascertain the legal integrity of the Applicant more fully. The Legal Status Questionnaire is also revised to fix grammatical errors and add more specificity to what Applicants must disclose.

Section 10032(c)(4)(A)(vii) is added to request the Applicant's Corporate Headquarters address in the Application and is necessary to verify if the Applicant has a Corporate Headquarters in California in the event the Program is oversubscribed or if the Applicant will seek additional STE above \$10 million.

Section 10032(c)(4)(A)(viii) is added to request documentation demonstrating 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 proclamation made by the California State Governor within two years of the time of application, if applicable. This documentation is necessary to verify if the Applicant will qualify for the 50 points awarded to Projects relocating or rebuilding due to specified natural disasters in the event the Program is oversubscribed or if the Applicant will seek additional STE above \$10 million.

Section 10032(c)(4)(A)(ix) is added to include in the Application information requested from Applicants whether the Applicant is a small business in order to better understand and evaluate the Program's impact and reach. The proposed regulations define small business to accommodate the various types of small business models. The first two options—100 or fewer employees and annual revenue of less than \$15 million, including affiliates—are consistent with existing commercial underwriting practices and reflect simplified similar requirements of the California Department of General Services Certification Eligibility Requirements for state solicitation and contracting purposes. The third option enables an Applicant to use the U.S. Small Business Administration standards directly, which is also consistent with existing commercial underwriting practices.

Section 10032(c)(4)(A)(x) is added to request information from the Applicant about how it learned about the Program. This information is necessary to better understand and evaluate the Program's impact and reach.

Section 10032(c)(4)(B)(i)e is added to clarify that the description of sources of financing necessary for Facility completion should include any state incentives or state financing the Applicant has applied for or received. This information is necessary to get a more complete picture of the Project's financial status.

Section 10032(c)(4)(B)(i)k is added to request the projected average number of employees at the Facility, in full time equivalents, assuming the Qualified Property is not utilized. AB 176 requires CAEATFA to include in the Application evaluation criteria the extent to which a Project will result in a loss of permanent, full-time jobs in California. Using the estimated number of employees assuming the Qualified Property is utilized, which is already provided in the Application in full-time equivalents, and new information on the projected number of employees assuming the Qualified Property is not utilized, the proposed regulations will determine if the Project will result in a loss in jobs.

Section 10032(c)(4)(B)(i)l is added to request documentation on the minimum and average wage of full-time employees proposed to be hired or not retained. AB 176 added to the Application evaluation criteria the average and minimum wage of full-time employees proposed to be hired or not retained. The proposed regulations ask for the minimum and average wage of each classification of full-time employees proposed to be hired or not retained using the following wage categories: up to \$20,000; \$20,001–\$30,000; \$30,001–\$40,000; \$40,001–\$50,000; \$50,001–60,000; \$60,001–\$70,000; \$70,001–\$80,000; \$80,001–\$90,000; \$90,001–100,000; \$100,001–\$110,000; \$110,001–\$120,000; and over \$120,000. The wages are requested in \$10,000 incremental bands based on stakeholder feedback and concerns over keeping data anonymized for employee confidentiality concerns and company trade secret concerns. Because some forms of compensation are provisional and amounts may be uncertain, particularly for new companies, wages include monetary compensation paid to the employee each year, not including tips, commissions, bonuses, stock options, overtime, or other compensation of any kind.

Section 10032(c)(4)(B)(i)k is added to request that Applicants provide an explanation for why a classification is being eliminated and if any existing employees in the classification will be retrained or reclassified. This information is requested based on stakeholder feedback and is necessary to provide a complete picture of why a classification of employee is being eliminated,

such as for the overall health, safety, or environmental impact of the Facility, and whether the elimination of a classification does not mean a loss in employment for affected employees.

Section 10032(c)(4)(F) is amended to remove the provision that the optional supplemental information will not be used to adjust an Applicant's score if it already exceeds the established points threshold. This section is also amended to remove the limitation that only Advanced Manufacturing Applicants may receive points for performing research and development in California, partnering with educational institutions, being part of an industry cluster, and the currently proposed factor of providing benefits and fringe benefits to employees. The proposed amendments also specify that eligible training opportunities include those for workers from disadvantaged communities. This section is also amended to request information on whether the Applicant provides benefits and fringe benefits to its employees. This section is also amended to fix a numbering error.

Existing regulations provide that Advanced Manufacturing Applicants can receive points for having a facility that performs research and development in California, partnerships with educational institutions to train employees or potential future workers, and being part of an industry cluster. The proposed amendments are necessary to recognize the economic growth benefits of these factors and that they may apply to all types of Applicants, not just Advanced Manufacturers. Additionally, the proposed amendments in Section 10032(c)(4)(F)(ii) add more specificity to the types of training opportunities that qualify for the workforce partnership points in order to clarify that they include training opportunities for workers from disadvantaged communities including women, racial minorities, formerly incarcerated, and veterans. The proposed amendments also remove the caveat that CAEATFA will not use these points to adjust an Applicant's score if it already exceeds the points-threshold requirement so that the CAEATFA Board has a full scope of the benefits of a Project when reviewing an Application.

Section 10033(c)(5)(E)(i)d of the proposed regulations provides additional points to Applicants that provide benefits and fringe benefits to employees to recognize the economic benefits of providing jobs that include additional benefits to employees in the Application review; therefore, Section 10032(c)(4)(F)(ii)d is added so that Applicants may provide information on the benefits and fringe benefits provided to employees. The proposed regulations specify benefits include medical, health, dental, and vision premiums paid by the Applicant on behalf of an employee, an employee's spouse or dependents, and fringe benefits include, but are not limited to bonuses, pension plans, retirement contributions, profit-sharing programs, dependent care and assistance reimbursement, transportation subsidies, education reimbursement, gym subsidies, employee discounts, and paid leave to provide examples and clarity on the types of benefits and fringe benefits eligible for points, and is consistent with other state incentives that consider benefits and fringe benefits provided to employees.

Section 10032(c)(4)(F)(iii) is amended to renumber (iv) to (iii) due to a previous numbering error.

Section 10033. Eligibility Requirements and Application Evaluation.

This section is amended to add a new eligibility requirement; specify that all types of Applicants can receive additional points for research and development, workforce partnerships, being part of

an industry cluster, and providing benefits and fringe benefits to employees; award additional points to Applicants that provide benefits and fringe benefits to their employees; incorporate the provisions of AB 176 by subtracting points if the Project will result in a net loss in jobs; and make some clarifying and technical changes.

Necessity

Section 10033(b) is amended to require that an Applicant's Legal Status Questionnaire disclosures not include a finding of guilty of a willful violation by the Occupational Safety and Health Administration or a case under the Occupational Safety and Health Administration's Severe Violator Enforcement Program in order to be eligible for an STE award. The proposed amendment is necessary to reflect that the severity of a willful violation and a case under the Occupational Safety and Health Administration's Severe Violator Enforcement Program run counter to the Program's purpose of promoting the creation of California-based manufacturing and jobs by making these Applicants ineligible for an STE award.

This section is also amended to reflect that the proposed amendments add another eligibility requirement that applies to the Applicant and not necessarily the Facility.

Section 10033(c)(1)(A)(iii) is amended to update the reference to the State Board of Equalization to the California Department of Tax and Fee Administration due to the agency's restructuring.

Section 10033(c)(1)(G)(i)a is amended to update the reference to the State Board of Equalization to the California Department of Tax and Fee Administration due to the agency's restructuring.

Section 10033(c)(1)(G)(i)d.i is amended to update the reference to the State Board of Equalization to the California Department of Tax and Fee Administration due to the agency's restructuring.

Section 10033(c)(4) is amended to remove the reference to Total Pollution Benefit points with regard to Advanced Manufacturing Applicants. The proposed amendment is necessary to clarify that unlike Alternative Source, Advanced Transportation, and Recycled Feedstock Applications, Advanced Manufacturing Applications do not receive a "Total Pollution Benefits" dollar amount calculation pursuant to Sections 10033(c)(3)(C) and (E). Instead, consistent with Section 10033(c)(3)(D), the environmental benefits calculation for Advanced Manufacturing Projects is based on points assigned for having an environmental sustainability plan, and for reductions in energy use, waste generation, water use, or emission of air pollutions in the manufacturing process relative to the baseline identified in the Application.

This section is also amended to correct the regulation section reference from Section 10033(c)(2)(D) to 10033(c)(3)(D).

Section 10033(c)(5)(A)(ii) is amended to correct the parentheses used in the formula.

Section 10033(c)(5)(B) is amended to implement AB 176, which requires CAEATFA to consider the extent to which a Project will result in the loss of permanent, full-time jobs in California.

Existing statute requires CAEATFA to consider the extent to which a Project will create new, permanent jobs in California. To determine the extent to which the Project will create new, permanent jobs in California in the Program's evaluation criteria, existing Program regulations ask

for the estimated average number of production-related employees (in annual full time equivalents) employed each year, averaged over the estimated useful lifespan of the Qualified Property, taking into account any ramp-up periods, as well as the estimated average number of construction employees (in annual full time equivalents). The Application also asks for the estimated per-unit labor costs, assuming the Qualified Property is used. The Program's existing evaluation criteria in regulation uses this information (as well as other Application inputs) to calculate the estimated marginal increase in jobs (in full-time equivalents) as a result of the STE, and quantify the resulting estimated fiscal benefits as part of the fiscal benefits score. Applicants also earn points (in both competitive and regular scoring) based on the number of full-time equivalent jobs per dollar of STE.

The additional text in Section 10033(c)(5)(B)(i) is to help differentiate between points awarded as a result of creating new production-related jobs (New Jobs Score), and points deducted for a net loss in jobs due to the STE (Lost Jobs Points).

Newly proposed Section 10033(c)(5)(B)(ii) determines if there would be a net loss in jobs as a result of the Project, using the estimated number of employees assuming the Project is implemented, which is already provided in the Application, as well as the estimated number of employees assuming the Project is not implemented, as provided in the newly proposed Section 10032(c)(4)(B)(i)k. If there is a net loss in jobs, the proposed regulations provide that the Applicant will receive a New Jobs Score of zero and will lose points in the Application scoring (Lost Jobs Points). The Lost Jobs Points will be calculated based on the percent reduction in jobs as a result of the Project by (a) subtracting the total Facility employment assuming the Qualified Property is not used from the total Facility employment assuming the Qualified Property is used, (b) dividing the result by the total Facility employment assuming the Qualified Property is used, and (c) multiplying the result by 100.

Section 10033(c)(5)(D) is amended to update the regulation section reference from (j) to (m).

Section 10033(c)(5)(E) is amended to remove the limitation that only Advanced Manufacturing Applicants may receive points for performing research and development in California, partnering with educational institutions, being part of an industry cluster, and the newly proposed factor of providing benefits and fringe benefits to employees. The proposed amendments also add more specificity with regard to the types of training opportunities eligible for additional points. Existing regulations provide that Advanced Manufacturing Applicants can receive 25 points for having a facility that performs research and development in California, 25 points for partnerships with educational institutions to train employees or potential future workers, and 25 points for being part of an industry cluster. The proposed amendments are necessary to recognize the economic growth benefits of these factors and that they may apply to all types of Applicants, not just Advanced Manufacturers.

Section 10033(c)(5)(E)(i)d is added to award points to Applicants that provide benefits and fringe benefits. Applicants will receive 5 points for each type of benefit or fringe benefit provided, up to 25 points, in order to recognize the benefits of providing additional benefits to employees in the Application review, while recognizing that the Program supports diverse industries, labor markets, and regional economies. Each benefit and fringe benefit provided is worth 5 points to award more points to Applicants that provide more benefits and fringe benefits, and the points are capped at a

total of 25 to scale the points consistent with the other facility characteristics for which Applicants can earn additional points.

Section 10033(c)(5)(F) is amended to renumber (G) to (F) due to a previous numbering error.

Section 10034. Approval of Applications by the Authority.

This section is amended to update the statutory reference for the definition of “Project” as provided in Public Resources Code Section 26011.8(b)(1), as amended by AB 199.

Section 10035. Regulatory Agreement and Compliance.

This section is amended to increase the term of the Regulatory Agreement by an equal amount of time if an Applicant is granted an initial term extension, extend the timeframe to purchase 15% of Qualified Property from 1 year to 18 months from approval, include execution of purchase orders as counting toward the 15%, allow the Board to extend or waive the 15% purchase requirement timeframe upon a finding of extraordinary circumstances, and to update references to the Board of Equalization to the Department of Tax and Fee Administration.

Necessity

Section 10035(a)(2) is amended to extend the term of Regulatory Agreement if the Applicant is granted an extension of the initial term to make Qualified Property purchases pursuant to Section 10035(b)(1)(B).

Existing regulations require Applicants to use the STE award within three years, unless this term is extended by the Board upon a finding that it is in the public interest and advances the purposes of the Program. Additionally, Applicants must execute a Regulatory Agreement with CAEATFA that requires the Applicant to comply with the requirements set forth in the Program regulations, including providing annual reports on the status of the approved Project. Current regulations provide that the term of the Regulatory Agreement is equal to the longer of (a) three years or (b) one-half of the Estimated Useful Lifespan of the longest-lived item of Qualified Property identified in the Application. However, current regulations do not provide for extending the term of the Regulatory Agreement in the event the initial term to use the STE award is extended. This reduces the amount of time an Applicant that receives an initial term extension provides annual reports on how the Project actually performs once complete and the equipment is in use, which used to evaluate Program performance and effectiveness, and has occasionally resulted in Regulatory Agreement terms that are shorter than the initial term to use the STE award. Therefore, the proposed regulation provides that if an Applicant is granted an extension of the initial term to make Qualified Property purchases, the term of the Regulatory Agreement shall be extended for an equal amount of time.

Section 10035(b)(1) is amended to extend the 15% purchase requirement timeframe from 12 months to 18 months, allow execution of purchase orders to count towards the 15%, and enable the Board to extend or waive the requirement upon a finding of extraordinary circumstances and

that it is the public interest and advances the purposes of the Program. Since implementing the 15% purchase requirement in October 2016, when the first Applications under the new regulations were considered, CAEATFA has learned that many Projects have significant lead-times for equipment purchases, with equipment sometimes not arriving and being paid for until six months to a year or more after a purchase order has been executed. The purpose of the 15% purchase requirement is to help maximize the Program's benefit to the state by encouraging Applicants to apply when they have more certainty of the Project's feasibility and likelihood of moving forward. Providing a standard 18-month timeframe and allowing purchase orders to count toward the 15% helps accommodate Projects with equipment purchases with long lead times while still encouraging Applicants not to apply too soon. Additionally, execution of a purchase order also demonstrates an Applicant's intent and readiness to move forward, and does not go against the purpose of the purchase requirement, which is to avoid Applicants from being approved but not moving forward at all with the Project.

The proposed regulations allow the Board to waive or extend the 15% purchase requirement upon a finding of extraordinary circumstances, which may include unforeseen permitting issues, and that doing so is in the public interest and advances the purposes of the Program. In 2019, two approved Projects for a total of \$21 million in STE were from previously approved Applicants that did not meet the 15% purchase requirement. Additionally, CAEATFA has seen the current COVID-19 pandemic affect purchase timeframes, financing, feedstock supply, revenue, construction, and operations for previously approved Applicants. To help provide some additional flexibility for unforeseen circumstances, such as permitting delays and the unprecedented market impact of the COVID-19 pandemic, the proposed regulations give the Board the ability to consider requests for an extension of the timeframe. However, to help maintain the requirement's purpose of discouraging Applicants from applying before they are ready, the ability to waive is limited to extraordinary circumstances.

This section is also amended to renumber the previous Section 10035(b)(1)(A) to Section 10035(b)(1)(B) given the proposed new Section 10035(b)(1)(A).

Section 10035(b)(6) is amended to update the reference to the Board of Equalization to the California Department of Tax and Fee Administration due to the agency's restructuring.

Section 10036. Fees.

This section is amended to reflect that a hard copy of the Application will no longer be required and specify the Application fee must be received by CAEATFA within five business days of the Application submission. This section is also amended to clarify how the Administrative Fee is calculated and paid with each semi-annual report, and to increase the fee required for requests to extend the initial term and 15% purchase requirement timeframe.

Necessity

Section 10036(a)(3) is amended to remove the requirement that hard copy Applications be submitted with the Application Fee by mail. Because the proposed amendments will require only an electronic version of the Application, the Application Fee must be submitted to the CAEATFA office separately. Therefore the proposed amendment to Section 10036(a)(3) specifies the

Application Fee must be received within five business days of submission of the Application, consistent with the current requirement that the hard copy Application and Application Fee must be received within five business days under the current text of regulation Section 10032(a)(2).

Section 10036(b)(5) is amended to clarify how Administrative Fees paid to CAEATFA on a semi-annual basis are applied. Existing regulations provide that the total Administrative Fee amount paid by approved Applicants is .004 of the total amount of Qualified Property actually purchased during the term of the award, with a minimum of \$15,000 and maximum of \$350,000. Pursuant to regulation Section 10036(b)(4), the minimum \$15,000 Administrative Fee is due upon execution of the Regulatory Agreement, and pursuant to Section 10036(b)(6), this initial Administrative Fee is credited at the back-end. The amendment to Section 10036(b)(5) is necessary to clarify the Administrative Fee due with each semi-annual report is calculated based on the Qualified Property amount purchased during the reporting period until the total Administrative Fee has been paid, consistent with the rest of the provisions of Section 10036(b).

Section 10036(b)(5)(A) is amended to fix the unnecessary capitalization of the word “fee” as it has not been defined.

Section 10036(c)(1) is amended to increase the fee required for requests to extend the initial term and 15% purchase requirement timeframe. Current regulations require Applicants to pay a \$500 fee for modifications to awards (e.g., name changes, award transfers, and extensions of the initial term to purchase all Qualified Property). However, since implementing the fee, CAEATFA has determined that the fee does not accurately reflect the number of hours spent processing requests to extend the initial term or the 15% purchase timeframe, and does not account for number of hours associated with the additional years of reporting and administration of the award. Therefore, the proposed regulations increase the fee to \$1,500 for requests to extend the 15% purchase requirement timeframe, and to \$2,000 for requests to extend the three-year initial term for Applicants to use the STE award.

**Other Matters Prescribed by Statutes Applicable
to the Specific State Agency or to any
Specific Regulation or Class of Regulations**

No other matters are prescribed by statute applicable to the Authority or to any specific regulation or class of regulation pursuant to Section 11346.1(b) or 11346.5(a)(4) of the Government Code pertaining to the Emergency Regulation or to the Authority.

Mandate on Local Agencies or School Districts

The Executive Director of the Authority has determined that the Emergency Regulations do not impose a mandate on local agencies or school districts (pursuant to Government Code Section 11346.5(a)(5)).

Fiscal Impact

The Executive Director of the Authority has determined that the Emergency Regulations do not impose any additional mandated cost or savings requiring reimbursement under Section 17500 et. seq. of the Government Code, or any other non-discretionary cost or savings to any local agency, or any cost or savings in federal funding to the State.

The proposed regulations increase program fees to help cover the costs of ongoing program operations and maintenance. Current regulations require an Applicant to pay a \$500 fee for any modification made to an existing award (e.g. name changes, award transfers, extension of the timeframe to meet the 15% purchase requirement, and extension of the three-year initial term to purchase all Qualified Property). To adjust the fees to better reflect the amount of time spent reviewing and processing requests for extensions and Board consideration, and to account for the additional years of reporting and administration, the proposed regulations increase the fee to \$1,500 for requests to extend the 15% purchase requirement timeframe, and to \$2,000 for requests to extend the three-year initial term to use the STE award.

Assumptions:

Initial Term Extension Requests			
	FY2020-21	FY2021-22	FY2022-23
Number of Initial Terms Expiring (no previous extension)	19	36	21
Number of Initial Terms Expiring (previous extension granted)	6	6	4
30% Request First Extension (Rounded) <i>Based on historical average</i>	6	11	6
13% Request Second Extension (Rounded) <i>Based on historical average</i>	1	1	1
Total Number of Initial Term Extension Requests	7	12	7
Total Fees Received	\$14,000	\$24,000	\$14,000
Minus Fees Based on Previous Fee Amount	-\$3,500	-\$6,000	-\$3,500
Total Net Increase in Fee Revenue	\$10,500	\$18,000	\$10,500

15% Purchase Requirement Extension Requests			
	FY2020-21	FY2021-22	FY2022-23
Number of 15% Purchase Timeframes Expiring	3	30	30
20% Request Extension (Rounded) (FY 20-21 & FY 21-22) <i>Assume slightly above historical average of those that did not meet 15% purchase requirement given impacts of COVID-19 pandemic</i>	1	6	
15% Request Extension (Rounded) (FY 22-23) <i>Assume slightly below historical average given ability to plan around COVID-19 pandemic and extension of timeframe to meet requirement</i>			5
Total Fees Received	\$1,500	\$9,000	\$7,500
Minus Fees Based on Previous Fee Amount	-\$500	-\$3,000	-\$2,500
Total Net Increase in Fee Revenue	\$1,000	\$6,000	\$5,000

Fiscal Year Impact:

- Current (Partial) FY2020-21: \$11,500
- FY2021-22: \$24,000
- FY2022-23: \$15,500

Pursuant to the State Administrative Manual Sections 6601-6616, a Fiscal Impact Statement (Form 399) is submitted without the signature of a Project Budget Manager at the Department of Finance, as this a proposed emergency rulemaking.