



**California State Treasurer Fiona Ma, CPA**

# **News Release**

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**PR 19:26  
April 17, 2019**

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## **State Treasurer Fiona Ma Announces Actions to Support California Manufacturers Northrop Grumman, Tesla**

**SACRAMENTO** – California State Treasurer Fiona Ma today announced that an authority she chairs has provided \$24.5 million in sales tax benefits on equipment purchases to two major companies in California, Northrop Grumman, and Tesla, to support a combined total of 8,530 manufacturing jobs.

“This far-sighted program helps California compete in a fiercely competitive global economy,” said Ma. “It helps us retain and create high-paying manufacturing jobs that benefit our economy by providing carefully targeted tax benefits to companies that are investing in our state, creating jobs, and helping our environment.”

The California Alternative Energy and Advanced Transportation Finance Authority (CAEATFA) awarded up to \$17.7 million in sales tax exclusions to Northrop Grumman Systems Corporation on the purchase of up to \$211.9 million in equipment that will be used to expand and upgrade its existing Aerospace Manufacturing facility in Palmdale. The facility makes a variety of aircraft systems, including the F-35 Lightning II fuselage, the Trion and EuroHawk.

The project is anticipated to support 4,417 production-related jobs and 469 construction jobs. It is also estimated to benefit the environment by reducing greenhouse gas emissions by 30 percent, solid waste production by 70 percent, and water consumption by 20 percent.

CAEATFA also awarded up to \$6.8 million in sales tax exclusions to Tesla, one of the largest manufacturers in California, on the purchase of \$81 million of machinery and equipment to expand its Fremont factory. The investments will finish its expansion of its body shop, stamping line, vehicle assembly, plastics shop, production control, tooling and prototyping to design and manufacture its Model 3 electric vehicle.

The award is anticipated to support 4,113 production-related jobs and convey \$925,345 in environmental benefits through reduced fossil fuel consumption and greenhouse gas emissions. Last month, the board heard testimony from Tesla and a variety of other speakers about health and safety issues.

As part of the award agreement, Telsa will continue to update the CAEATFA board on its progress toward production goals and improving the health and safety at its facilities every four months.

CAEATFA was established to provide an alternative method of financing to promote and advance the state's goals of reducing greenhouse gas emissions, promoting renewable energy, and creating and retaining jobs. The sales and use tax exclusion program was created by Senate Bill 71, sponsored by then-State Senator Alex Padilla. It was approved by the Legislature in 2010.

It is not a broad or typical tax incentive. To win a tax benefit, each project has to demonstrate that the anticipated fiscal and environmental benefits of the project are greater than the foregone sales tax. Once approved, applicants have three years to purchase the approved equipment. To date more than 50 percent of the projects have been awarded in areas with unemployment higher than the state average. The program can make up to \$100 million in awards each year. A majority of awards have been under \$1 million.

<https://www.treasurer.ca.gov/caeatfa/ste/index.asp>

*Fiona Ma is California's 34th State Treasurer. She was elected November 6, 2018 with more votes (7,825,587) than any other candidate for treasurer in the state's history. She is the first woman of color and the first woman Certified Public Accountant elected to the position. California is the world's fifth-largest economy and Treasurer Ma serves as its head banker, providing transparency and oversight for the government's investment portfolio and accounts as well as managing \$92 billion in financial assets. The State Treasurer's Office (STO) provides financing for schools, roads, housing, levees, public facilities, and other crucial infrastructure projects that better the lives of all Californians. The STO manages cash receipts and bond issuances for the State and oversees programs that fund schools, hospitals, environmental improvements, and affordable housing and small businesses. The STO also manages three savings programs that benefit individuals with disabilities, families planning for higher education, and private-sector employees working toward retirement.*

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