



CALIFORNIA STATE TREASURER BILL LOCKYER

NEWS RELEASE

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Treasurer Lockyer Announces Agreement with Tesla Motors That Will Expand Electric Car Manufacturing in California *Zero Emissions Vehicle Production Will Create 1,400 Jobs*

SACRAMENTO – State Treasurer Bill Lockyer today announced an agreement with Tesla Motors that paves the way for the company to use tax incentives to help it expand production of its electric cars in the state and create 1,400 jobs.

“By helping Tesla stay and expand in California, this agreement will create valuable jobs for our battered economy,” said Lockyer. “And it will bring the added bonus of benefiting our environment. ZEVs are efficient and clean, and a critical weapon in our fight against climate change.”

The agreement was reached between Tesla and the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), chaired by Lockyer.

Existing law exempts CAEATFA from paying the sales tax on equipment used to manufacture advanced transportation products. Under a policy adopted in June of 2008, CAEATFA can pass through that tax break to qualifying ZEV manufacturers.

Under the terms of the agreement, CAEATFA will assume title of \$320 million worth of manufacturing equipment purchased by Tesla directly from vendors. CAEATFA will not pay the sales tax on the transaction. When the transactions are completed, CAEATFA will transfer title of the equipment to Tesla. The end result of the arrangement: Tesla will not have to pay the sales tax, saving the company slightly more than nine percent of the \$320 million total cost of equipment purchases.

The equipment purchases will be used for three purposes. First and primarily, Tesla will use \$238 million to establish a production facility for its Model S sedan. No location has yet been determined but potential locations include Long Beach and Downey, CA. Tesla will also spend \$59 million to upgrade its Palo Alto powertrain production facility and \$5 million to expand current Roadster assembly at its Menlo Park facility. They will use \$18 million on other unbudgeted equipment purchases.

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Several ZEV technologies can take advantage of California's tax incentive including, fuel cell electric vehicles, battery electric vehicles, plug-in hybrid electric vehicles, hydrogen internal combustion engines, advanced technology partial zero emission vehicles and neighborhood electric vehicles.

CAEATFA provides financing for facilities that use new and alternative energy sources and technologies. CAEATFA also finances transportation technologies that conserve energy, reduce air pollution, and promote economic development and jobs.

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