


# CAEATFA Manufacturing Sales and Use Tax Exclusion Program

- ▶ The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) Sales and Use Tax Exclusion (STE) Program exempts purchases of manufacturing equipment and machinery from state and local sales and use tax, a savings of 8-10%.
- ▶ Eligible manufacturers must be using the equipment in one of the following ways:
  1. In an **Advanced Manufacturing** process.
    - ▶ Examples: Aerospace, telecom, pharmaceutical manufacturers, etc.
  2. To manufacture **Alternative Source** products.
    - ▶ Examples: Solar PV manufacturers, wind turbine manufacturers, biofuel projects, etc.
  3. To manufacture **Advanced Transportation Technologies**.
    - ▶ Examples: Electric vehicle manufacturers, hydrogen vehicle manufacturers, etc.
  4. To process **Recycled feedstock** or use Recycled feedstock in the production of another product or soil amendment.
    - ▶ Examples: Materials recovery facilities, tire recyclers, etc.



# Renewable Hydrogen Production Applicants

- Program Eligibility - Alternative Source (Renewable Fuel)
- Eligible Equipment
  1. Equipment used to produce renewable hydrogen (solar panels, Electrolyzer, etc.)
  2. May include pumping equipment associated with a hydrogen production facility, but a service station itself is **ineligible**
- The Application
  1. Applicants must fill out the “Other Application Types” tab of Part B of the Application
  2. Staff will work with applicants to determine the benefits of each individual project

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- ▶ Applications accepted on a rolling basis

## Application Submission

- Application submitted 60 days prior to a monthly Board meeting.
- Application Fee of 0.05% of Qualified Property (QP).
- Two-part application process: Part A (Narrative) & Part B (Spreadsheet)

## Application Evaluation

- Staff reviews application.
- Applicant responds to staff questions.
- Project evaluated based on fiscal and environmental benefits to State.
- Staff makes recommendation whether to approve application.

## CAEATFA Board Review

- Board reviews staff recommendation and votes at Board meeting.
- Board resolution authorizes Executive Director to enter into a legal agreement with the applicant.

## Post-Approval Process

- Enters into legal agreement with CAEATFA.
- Administrative fee of 0.4% of QP.
- Semi-annual reporting of purchases.
- 3 Years to purchase equipment (standard).
- 15% of QP must be purchased within 1 year.



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## Sample Fees and Estimated Net Savings

- Application Fee: 0.05% of the Qualified Property amount identified in the Application (minimum \$250, maximum \$10,000)
- Administrative Fee: 0.4% of the Qualified Property amount approved by the Board (minimum \$15,000, maximum \$350,000)

<b>Qualified Property Amount</b>	\$1,200,000	\$15,000,000	\$230,000,000
<b>Application Fee</b>	\$600	\$7,500	\$10,000
<b>Maximum Administrative Fee</b>	\$15,000	\$60,000	\$350,000
<b>Estimated Sales and Use Tax Excluded*</b>	\$100,320	\$1,254,000	\$19,228,000
<b>Estimated Net Savings</b>	\$84,720	\$1,186,500	\$18,868,000

\*Estimated tax and savings are based on a statewide average sales tax rate of 8.36%. Actual taxes and savings may vary.



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- ▶ Statute limits the Program to awarding \$100 million in STE per calendar year. Applications received but not awarded due to the cap will be placed on a waiting list until the next calendar year.
- ▶ For more information:
  - ▶ Website: <http://www.treasurer.ca.gov/caeatfa/ste/index.asp>
  - ▶ Email: [caeatfa@treasurer.ca.gov](mailto:caeatfa@treasurer.ca.gov)
  - ▶ Phone: (916) 651-8157

