

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

***Sales and Use Tax Exclusion Applications  
Brought for Consideration at the March 2021 Board Meeting***

**Tuesday, March 16, 2021**

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**SUMMARY**

CAEATFA staff (“Staff”) are bringing 29 Applications before the Board for consideration at this meeting. By the first 2021 Application deadline of November 20, 2020, CAEATFA received requests for more than \$20 million in sales and use tax exclusion (“STE”) from Applications requesting \$2 million or less in STE, making the small project set-aside oversubscribed. Therefore, Applications requesting \$2 million or less are being brought before the Board in order of their Competitive Criteria score. However, all complete Applications requesting \$2 million or less in STE are being brought before the Board today because, given the total amount of requests and the regulation provision stipulating that, when the amount requested in the last Application on the list considered exceeds the STE available from the \$20 million set-aside, CAEATFA is required to award the remaining STE request from that last Application on the list using STE from the general pool of STE allocation, if any remains.<sup>1</sup>

The general pool of STE is not oversubscribed based on the complete Applications received by the November 20, 2020, deadline. Therefore, the general pool Applications are being brought before the Board in order of receipt. Additionally, although CAEATFA did not receive more than \$15 million in requests over the \$10 million cap, program regulations require that requests over the \$10 million cap be brought before the Board in order based on their Competitive Criteria scores.

If all Applications brought before the Board today are approved, CAEATFA will have \$7,020,745 in STE remaining to award.

Below is further background on the relevant regulatory provisions, as well as details on the process Staff took in determining the Competitive Criteria scores and order of consideration.

See Tables 1 through 3 below for a list of the Applications up for consideration at today’s meeting.

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<sup>1</sup> California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

**Table 1: Small Project Set-Aside Applications under Consideration, by Competitive Criteria**

Applicant	Project Type	County	Estimated STE	Environ-mental Benefits	Unemp-loyment	Job Creation	CA HQ	Disaster Relief	Eligibility for Partial Exemption	Total Score
Garaventa Enterprises, Inc.	Recycling	Contra Costa	\$986,000	100	0	55	15	0	50	220
EDCO Disposal Corporation	Recycling	San Diego	\$1,246,055	100	0	45	15	0	50	210
Recology Sonoma Marin	Recycling	Sonoma	\$1,297,613	100	0	45	15	0	50	210
Blue Line Transfer, Inc.	Recycling	San Mateo	\$467,500	100	0	40	15	0	50	205
ENV-TWO, LLC	Alternative Source	Kings	\$678,568	100	22	0	15	0	0	137
ENV-FOUR, LLC	Alternative Source	Kings	\$698,407	100	22	0	15	0	0	137
ENV-THREE, LLC	Alternative Source	Kings	\$746,693	100	22	0	15	0	0	137
Aemetis Biogas, LLC	Alternative Source	Stanislaus	\$1,152,761	100	10	0	15	0	0	125
MSBG Partners, LLC	Alternative Source	Santa Barbara	\$956,463	100	0	0	15	0	0	115
QuantumScape Corporation	Advanced Manufacturing	Santa Clara	\$1,699,943	0	0	75	15	0	0	90
Rocket Lab USA, Inc.	Advanced Manufacturing	Los Angeles	\$547,733	0	28	45	15	0	0	88
Lam Research Corporation	Advanced Manufacturing	Alameda	\$1,946,500	0	0	60	15	0	0	75
Applied Materials, Inc.	Advanced Manufacturing	Santa Clara	\$1,974,125	0	0	60	15	0	0	75
Green Impact Manufacturing, LLC	Advanced Manufacturing	Los Angeles	\$1,360,686	0	28	30	15	0	0	73
Fortress North America, LLC	Advanced Manufacturing	Placer	\$433,011	0	0	40	15	0	0	55
Paradigm Packaging West, LLC	Advanced Manufacturing	San Bernardino	\$1,999,908	0	0	55	0	0	0	55
Circulus Holdings, PBLLC	Advanced Manufacturing	Stanislaus	\$1,508,509	0	10	35	0	0	0	45
MP Materials Corp.	Advanced Manufacturing	San Bernardino	\$1,999,838	0	0	35	0	0	0	35

**Table 2: General Pool Applications under Consideration, by Order Received**

Applicant	Project Type	County	Estimated STE
Rialto Bioenergy Facility, LLC	Alternative Source	San Bernardino	\$3,252,077
Ameresco Forward RNG LLC	Alternative Source	San Joaquin	\$2,241,862
Ameresco Keller Canyon RNG LLC	Alternative Source	Contra Costa	\$2,356,412
Ameresco Chiquita RNC LLC	Alternative Source	Los Angeles	\$2,356,412
HZI Lancaster LLC	Alternative Source	Los Angeles	\$2,314,669
Pacesetter, Inc.	Advanced Manufacturing	Los Angeles	\$2,970,750
Chowchilla RNG Energy, LLC	Alternative Source	Madera	\$2,524,413
Dexcom, Inc.	Advanced Manufacturing	San Diego	\$5,903,250

<b>Table 3: Requests above \$10M in STE Cap under Consideration, by Competitive Criteria</b>										
<b>Applicant</b>	<b>Project Type</b>	<b>County</b>	<b>Estimated STE</b>	<b>Environ-mental Benefits</b>	<b>Unemp-loyment</b>	<b>Job Creation</b>	<b>CA HQ</b>	<b>Disaster Relief</b>	<b>Eligibility for Partial Exemption</b>	<b>Total Score</b>
Tesoro Refining & Marketing Company, LLC	Alternative Source	Contra Costa	\$10,814,036	100	0	0	0	0	0	100
Applied Medical Resources Corporation	Advanced Manufacturing	Orange	\$12,796,571	0	0	75	15	0	0	90
Cepheid	Advanced Manufacturing	San Joaquin	\$17,828,750	0	15	60	15	0	0	90

**BACKGROUND**

Statute currently limits CAEATFA to awarding \$100 million in STE each calendar year.<sup>2</sup> Program regulations require that Applications are capped at \$10 million in STE per Applicant, per calendar year;<sup>3</sup> that \$20 million in STE is available to award only to Applications requesting \$2 million or less in STE through September each year;<sup>4</sup> and that for Applicants wishing to exceed the \$10 million in STE cap, \$15 million in STE is available to award to Applicants, in addition to the \$10 million in STE cap, at the first Board meeting of the calendar year.<sup>5</sup>

Generally, complete Applications will be reviewed in the order in which they are received, as determined by the time and date stamp of the electronic submission of the Application.<sup>6</sup>

In the event that the Applications received by CAEATFA requesting \$2 million or less in STE by the deadline for a particular Board meeting represent STE in excess of the \$20 million set-aside for that calendar year, the Applications submitted for that particular Board meeting will be reviewed and presented to the CAEATFA Board in the order in which they are ranked based on their Competitive Criteria scores.<sup>7</sup> Additionally, Applications requesting more than \$10 million in STE will be reviewed and presented to the CAEATFA Board for approval in the order in which they are ranked based on their Competitive Criteria scores.<sup>8</sup>

**COMPETITIVE CRITERIA**

The Applications requesting \$2 million or less in STE and the Applications requesting more than \$10 million in STE were evaluated based on the following Competitive Criteria:

- Environmental Benefits (100 Points). Applications with environmental benefits points greater than zero as calculated pursuant to the method for calculating points for

<sup>2</sup> Public Resources Code Section 26011.8(h)

<sup>3</sup> California Code of Regulations Title 4, Division 13, Section 10032(a)(5)

<sup>4</sup> California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

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

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

<sup>7</sup> California Code of Regulations Title 4, Division 13, Section 10032(a)(4)

<sup>8</sup> California Code of Regulations Title 4, Division 13, Section 10032(a)(5)(B)

environmental benefits for Advanced Transportation, Alternative Source, and Recycled Resource Extraction Applications (i.e. has environmental benefits that can be monetized and scored pursuant to the Program’s regulations),<sup>9</sup> received 100 points.

- Unemployment (Up to 50 Points). Applications 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: Points = ((local rate/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.
- Job Creation (up to 75 Points). Applications can also receive up to 75 points based on the amount of the sales tax exclusion per job created as a result of the estimated marginal increase in equipment purchased from the STE.

<b>Points for Job Creation</b>
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.

- 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.

No Application submitted for consideration was to rebuild or relocate due to a natural disaster.

- California Headquarters (15 Points). Applicants with Corporate Headquarters located in California received 15 points.
- Eligibility for Statewide Partial Exemption for Manufacturing and Research & Development (50 Points). Applicants that are not eligible to use any of the exemptions

<sup>9</sup> California Code of Regulations Title 4, Division 13, Section 10033(c)(4)

established pursuant to Section 6377.1 of the Revenue and Taxation Code (administered through the California Department of Tax and Fee Administration) received 50 points.

**APPLICATIONS FOR CONSIDERATION IN MARCH**

Below is a breakdown of the allocation of each pool of STE.

<b>Table 4: \$20M Set-Aside for Projects Under \$2M</b>		
<b>Applicant</b>	<b>QP Amount</b>	<b>Estimated STE*</b>
Garaventa Enterprises, Inc.	\$11,600,000.00	\$986,000
EDCO Disposal Corporation	\$14,659,474.00	\$1,246,055
Recology Sonoma Marin	\$15,266,032.00	\$1,297,613
Blue Line Transfer, Inc.	\$5,500,000.00	\$467,500
ENV-TWO, LLC	\$7,983,153.00	\$678,568
ENV-FOUR, LLC	\$8,216,553.00	\$698,407
ENV-THREE, LLC	\$8,784,628.00	\$746,693
Aemetis Biogas, LLC	\$13,561,890.00	\$1,152,761
MSBG Partners, LLC	\$11,252,500.00	\$956,463
QuantumScape Corporation	\$19,999,333.00	\$1,699,943
Rocket Lab USA, Inc.	\$6,443,921.00	\$547,733
Lam Research Corporation	\$22,900,000.00	\$1,946,500
Applied Materials, Inc.	\$23,225,000.00	\$1,974,125
Green Impact Manufacturing, LLC	\$16,008,067.00	\$1,360,686
Fortress North America, LLC	\$5,094,248.00	\$433,011
Paradigm Packaging West, LLC	\$23,528,330.00	\$1,999,908
Circulus Holdings, PBLLC	\$17,747,169.00	\$1,508,509
MP Materials Corp.	\$23,527,500.00	\$1,999,838
Award From Small Project Set-Aside	\$3,523,819.65	\$299,525
Award from General Pool of STE	\$20,003,680.35	\$1,700,313
<b>Total</b>	<b>\$235,294,117.65</b>	<b>\$20,000,000</b>
<b>Remaining from \$20M Small Project Set-Aside</b>	<b>\$0</b>	<b>\$0</b>

<b>Table 5: General Pool of STE</b>		
<b>Applicant</b>	<b>QP Amount</b>	<b>Estimated STE*</b>
<b>Partial Award from 2020</b>		
Lockheed Martin Corporation	\$69,644,003.40	\$5,919,740
<b>Small Project Split Award</b>		
MP Materials Corp.	\$20,003,680.35	\$1,700,313
<b>General Pool 2021 Applications</b>		
Rialto Bioenergy Facility, LLC	\$38,259,725.00	\$3,252,077
Ameresco Forward RNG LLC	\$26,374,850.00	\$2,241,862

<b>Applicant</b>	<b>QP Amount</b>	<b>Estimated STE*</b>
Ameresco Keller Canyon RNG LLC	\$27,722,495.00	\$2,356,412
Ameresco Chiquita RNC LLC	\$27,722,495.00	\$2,356,412
HZI Lancaster LLC	\$27,231,400.00	\$2,314,669
Applied Medical Resources Corporation	\$117,647,058.82	\$10,000,000
Cepheid	\$117,647,058.82	\$10,000,000
Tesoro Refining & Marketing Company, LLC	\$117,647,058.82	\$10,000,000
Pacesetter, Inc.	\$34,950,000.00	\$2,970,750
Chowchilla RNG Energy, LLC	\$29,698,976.00	\$2,524,413
Dexcom, Inc.	\$69,450,000.00	\$5,903,250
<b>Total</b>	<b>\$723,998,801.21</b>	<b>\$61,539,898</b>
<b>Remaining in General Pool</b>	<b>\$40,707,081.14</b>	<b>\$3,460,102</b>

<b>Table 6: \$15M for Larger Projects</b>		
<b>Applicant</b>	<b>QP Amount</b>	<b>Estimated STE*</b>
Tesoro Refining & Marketing Company, LLC	\$9,576,895.18	\$814,036
Applied Medical Resources Corporation	\$32,900,830.18	\$2,796,571
Cepheid	\$92,102,941.18	\$7,828,750
<b>Total</b>	<b>\$134,580,666.54</b>	<b>\$11,439,357</b>
<b>Remaining from Set-Aside to Go into General Pool</b>	<b>\$41,889,921.70</b>	<b>\$3,560,643</b>

<b>Table 7: Total Remaining to Award in 2021, Assuming All Applications are Approved</b>		
	<b>QP Amount</b>	<b>Estimated STE*</b>
Total Available to Award	\$1,176,470,588.24	\$100,000,000
Small Project Awards	-\$235,294,117.65	\$20,000,000
General Pool Awards	-\$723,998,801.21	\$61,539,898
Large Project Awards	-\$134,580,666.54	\$11,439,357
<b>Total Remaining</b>	<b>\$82,597,002.84</b>	<b>\$7,020,745</b>

\* Estimated STE amounts may not total correctly due to rounding.

### **APPLICATIONS IN THE QUEUE FOR CONSIDERATION**

The Applications listed in the table below are currently in the queue for consideration. Eligibility and Application information, including Qualified Property amounts, have not yet been verified by Staff.

<b>Table 8: Applications in the Queue for Consideration</b>				
<b>Applicant</b>	<b>Qualified Property Amount</b>	<b>Estimated STE</b>	<b>Date Submitted</b>	<b>Application Deadline</b>
SpinLaunch Inc.	\$5,280,000	\$448,800	11/13/2020	11/20/2020
Northrop Grumman Systems Corporation	\$22,330,647	\$1,898,107	11/24/2020	12/18/2020
RNG Moovers, LLC	\$29,395,498	\$2,498,617	11/25/2020	12/18/2020
Trillium Pumps USA, Inc.	\$3,862,000	\$322,863	12/16/2020	12/18/2020
Certain Teed, LLC	\$22,300,000	\$1,895,500	12/18/2020	12/18/2020
Best Express Foods, Inc.	\$7,386,095	\$627,818	1/12/2021	1/15/2021
Enovix Corporation	\$54,266,067	\$4,612,616	1/14/2021	1/15/2021
CalWave Power Technologies, Inc.	\$1,381,860	\$117,458	1/16/2021	2/19/2021