

## State Treasurer's Office (STO)

STO has broad authority to finance, provide tax relief, and invest in ZEV related projects.

Equity: Increase knowledge of and access to capital for small and minority owned businesses and manufacturers.

### **California Pollution Control Financing Authority (CPCFA)**

**Objectives:** Finance ZEV projects through loan loss reserve, bond and collateral support financing.

*Direct Pillar Connection: Vehicles, Infrastructure*

*Indirect Pillar Connection: End Users, Workforce*

### **California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)**

**Objectives:** Incentivize ZEV projects in the state by providing tax relief on manufacturing equipment and machinery.

*Indirect Pillar Connection: Vehicles, Infrastructure, Workforce*

### **California Pollution Control Financing Authority (CPCFA)**

The [California Pollution Control Financing Authority](#) (CPCFA) provides low-cost innovative financing to businesses with an objective of making California more economically prosperous and environmentally clean. CPCFA partners with sister state agencies to achieve the State's environmental policy objectives by administering high impact financing programs designed to assist regulated entities and other stakeholders with accessing private capital. CPCFA financing options include tax-exempt bond financing for pollution control facilities and businesses, the California Capital Access Program for Small Business (CalCAP for Small Business), a collaboration with the California Air Resources Board (CARB) to finance new, cleaner-burning heavy-duty diesel trucks and buses, a Collateral Support Program (CSP) that provides cash support for qualifying small business loans as well as a program specific to financing electric vehicle charging stations (CalCAP/EVCS) in partnership with the California Energy Commission (CEC).

**Finance ZEV Projects:** Provide outreach, collateral support and loan loss reserve financing opportunities for ZEV projects with specific emphasis on priority communities.

Key Collaborators: State Treasurer's Office, CARB, DOF, CEC, GO-Biz, Local and Regional Government, Investors/Financing Institutions, Vehicle Manufacturers and Supply Chain, Electricity and Hydrogen Providers.

#### Key Results & Actions:

- a. **Continue Partnership with CARB for Truck Loan Assistance Program:** CPCFA will continue to offer the CARB Heavy-Duty Vehicle Air Quality Program or Truck Loan Assistance Program. This program provides loan loss reserve

financing for the purchase of emission compliant trucks in collaboration with CARB and with particular emphasis on priority communities.

- *Ongoing* – The CalCAP CARB program just hit a milestone of financing 35,000 cleaner trucks for California.
- b. **Move Pilot Partnership with CEC to Permanent Status:** CPCFA will extend its pilot partnership with the CEC and move toward creating a permanent CalCAP/EVCS Financing Program. CalCAP/EVCS loan loss reserve financing is available to qualifying businesses of up to 1,000 employees to aid in the purchase and installation of charging stations for employees and customers. Outreach activity will emphasize qualifying small businesses and multi-unit dwellings in disadvantaged communities.
- *Ongoing* – CPCFA is currently in discussions with CEC regarding extending the program, and possibly making changes to extend the current financing options to ensure greater use.
- c. **Emphasize State Goals in Tax-Exempt Bond Financing Program:** CPCFA's bond financing program eligibility will include projects that focus on accelerated investment in ZEV infrastructure in Exempt Facility Bond projects, including collection fleet and equipment upgrades to meet the State's regulations and greenhouse gas reduction goals.
- *Ongoing* – CPCFA has increased its outreach efforts to those organizations seeking bond financing for specified goals that meet the above criteria. The California Pollution Control Financing Authority (CPCFA) is actively issuing Green Bonds to pollution control and other environmental projects meeting commonly accepted standards for climate investments. Bonds issued under this division shall, whenever practical, be aligned with generally recognized principles and best practice guidelines for financing climate mitigation, adaptation or resilience projects.
- d. **Increasing Investment and Outreach in Priority Communities:** CPCFA will continue working with statewide lending partners who provide financial services for borrowers in Severely Affected Communities to help maximize subsidies to encourage speed and scale of the Strategy goals through CalCAP for Small Business. This program provides loan loss reserve financing to encourage banks and other lending institutions to make loans to small businesses that often face capital access barriers – particularly women, minority, veteran and LMI communities experiencing high unemployment and the economic impacts resulting from disasters and the COVID-19 pandemic. Outreach activities will also focus on ensuring greater awareness for the Collateral Support Program, which provides

cash support for under collateralized small business loans for green and manufacturing projects.

- *Ongoing* – CPCFA has increased the number of approved lending partners throughout the state and has increased its outreach efforts to connect potential borrowers with the lending experts who have been trained on CalCAP programs including the supplement available for eligible businesses that are located in a Severely Affected Community. CPCFA has presented more than 125 times to stakeholder groups to help share the program information.

### **California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)**

The [California Alternative Energy and Advanced Transportation Financing Authority](#) (CAEATFA) supports California's mission to provide financial incentives to cutting-edge companies by offering a sales and use tax exclusion to manufacturers that promote advanced transportation, renewable fuels, alternative energy, and recycling. These manufacturers create tens of thousands of high-paying, permanent jobs that bolster the state's economy while reducing the levels of greenhouse gas emissions. CAEATFA's Sales and Use Tax Exclusion (STE) Program excludes from sales and use taxes purchases of machinery and equipment for eligible manufacturers and recyclers. Eligible manufacturers include:

- Advanced Transportation: Zero-emission vehicles and component parts
- Alternative Source: renewable hydrogen, biofuels, and solar PV
- Advanced Manufacturing: EV charging station manufacturing, aerospace, biopharmaceutical, food production
- Recycling: Materials recovery facilities, plastics, green waste, and bio-waste

**Sales and Use Tax Exclusion Program:** CAEATFA welcomes ZEV projects to apply under the STE Program's Advanced Transportation or Advanced Manufacturing pathways, assuming the project meets the terms defined in statute (Public Resources Code Division 16 Section 26000).

#### Key Results & Actions:

a. **Partnership with Key Collaborators to Expand Outreach Efforts:**

CAEATFA continues to work with a number of organizations to ensure a broad distribution of tax savings to manufacturing companies, with the goal of reaching and supporting more projects that are located in disadvantaged communities.

- *Ongoing* – CAEATFA continues to partner with key collaborators to promote the STE Program. Recently, CAEATFA has communicated

with stakeholders to better understand their processes and obstacles, including those working in or adjacent to ZEV industries.

b. **Competitive Process to Benefit ZEV Producers:** The STE Program operates on a first-come-first-served basis with new regulations giving a competitive advantage to ZEV producers that apply under the Advanced Transportation pathway when the program becomes oversubscribed after a particular application deadline.

- CAEATFA's Executive Director developed a list of Emerging Strategic Industries (ESIs) that includes activities associated with California's Lithium Valley, including lithium battery manufacturing, which supports ZEV industries.
- New regulations for the STE Program were approved and became effective as of December 2021. The regulations now prioritize ESIs in the competitive criteria.
- The application process for the STE Program is no longer on a first come, first served basis. Advanced transportation projects and ESI projects are now given an advantage in the application process. This promotes ZEV industries, as ZEV projects could potentially receive priority during the application process if they fall under either or both of these criteria.

c. **Past and Continued Support for ZEV Projects:** CAEATFA has attracted and awarded a number of ZEV projects including renewable hydrogen fuel production, electric vehicle manufacturing, electric vehicle drivetrain manufacturing, electric vehicle charging station production, and electric vertical take-off and landing aircraft manufacturing.

- Since March 2021, CAEATFA has issued three STE awards, including an award for a lithium battery manufacturer that provides batteries for a number of industries, including ZEVs.
- The 2022 STE Award application will be open for its first period from 12/20/21-1/7/22, with \$100 million in sales and use tax exclusions available to award. This application cycle will be the first to offer advantages to projects in ESIs.