

CPCFA/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 credit enhancement programs and tax-exempt bond issuances.

Direct Pillar Connection: Vehicles, Infrastructure

Indirect Pillar Connection: End Users, Workforce

California Pollution Control Financing Authority (CPCFA)

The [California Pollution Control Financing Authority](#) (CPCFA) incentivizes private capital investment in businesses, particularly small businesses, with an objective of making California more economically prosperous and environmentally clean. CPCFA programs include tax-exempt bond financing for solid waste, recycling, water and wastewater industries; the California Capital Access Program for Small Business (CalCAP for Small Business) for a variety of business sector types and capital needs; a collaboration with the California Air Resources Board (CARB) providing credit enhancement to finance new, cleaner-burning heavy-duty diesel trucks and buses (CalCAP Heavy-Duty Vehicle Air Quality Loan Program/CalCAP CARB); and a Collateral Support Program (CSP) for qualifying under-collateralized small businesses, with additional support for "green" businesses.

Support Access to Tax-Exempt Financing and Credit Enhancement for Private Loans for ZEV Projects

Objectives: Incentivize private capital to invest in ZEV Projects through tax-exempt bond issuances, loan loss reserve support, collateral support, and outreach.

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

Key Results & Actions:

- a. **Emphasize State Goals in Tax-Exempt Bond Financing Program**: CPCFA's bond financing program eligibility includes projects that focus on investment in ZEV equipment and infrastructure in Exempt Facility Private Activity Bond (EF PAB) projects, including collection fleet and equipment upgrades to meet the State's regulations and greenhouse gas reduction goals. The bond financing program offers financial contributions towards the cost of issuance for qualifying small businesses.
- b. **Credit Enhancement Increases Access to Capital for Small Businesses with Projects Including Equipment and Construction of Facilities**: CPCFA's

CalCAP for Small Business is a loan loss reserve (LLR) credit enhancement program. Specifically, each participating financial institution (PFI) maintains an LLR account with contributions for each loan enrolled by the PFI, made by the PFI, the borrower, and CPCFA. Should the borrower default the PFI may access the LLR funds. This additional credit enhancement that the LLR provides incentivizes PFIs to loan to borrowers the PFI might not otherwise lend, expanding their pool of borrowers. The Collateral Support Program (CSP), another form of credit enhancement, provides financial contributions to off-set under-collateralization by otherwise qualified small business borrowers, with additional support for qualified “green” and manufacturing businesses.

- c. **Continuing Partnership with CARB for Truck Loan Assistance Program:** CARB and CPCFA collaborate to fund and administer the CARB On-Road Heavy-Duty Vehicle Air Quality Program or Truck Loan Assistance Program for the purchase of emission compliant vehicles and with particular emphasis on priority communities. It is a LLR program similar to CalCAP for Small Business, however all LLR contributions are made by CARB. CPCFA will continue its partnership with CARB on the Implementation of SB 372, the Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program.

- d. **Increased Investment in Severely Affected Communities and Outreach in Priority Communities:** In an effort to prioritize assistance to communities with greater unmet needs, CalCAP for Small Business and the CSP make additional financial contributions available when a loan is made to a small business located in a community designated as a Severely Affected Community. CPCFA will continue working with local, regional, and statewide financial institutions providing financial services to small businesses in Severely Affected Communities to help maximize subsidies to encourage speed and scale of the strategy goals. CPCFA outreach efforts include reaching out to financial institutions and business serving organizations to share information on the support available to financial institutions when they make loans to small businesses that often face capital access barriers – particularly very small businesses, women, minority, veteran, and Socially and Economically Disadvantaged Individuals (SEDI) communities experiencing high unemployment and the economic impacts resulting from disasters and the COVID-19 pandemic.