

An act to amend Section 26011.8 of the Public Resources Code, relating to the California Alternative Energy and Advanced Transportation Financing Authority.

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 26011.8 of the Public Resources Code, as amended by Section 241 of Chapter 370 of the Statutes of 2020, is amended to read:

26011.8. (a) The purpose of this section is to promote the creation of California-based manufacturing, California-based jobs, advanced manufacturing, the reduction of greenhouse gases, or reductions in air and water pollution or energy consumption. In furtherance of this purpose, the authority may approve a project for financial assistance in the form of the sales and use tax exclusion established in Section 6010.8 of the Revenue and Taxation Code.

(b) For purposes of this section, the following terms have the following meanings:

(1) "Project" means tangible personal property if at least 50 percent of its use is either to process recycled feedstock that is intended to be reused in the production of another product or using recycled feedstock in the production of another product or soil amendment, or tangible personal property that is used in the state for the design, manufacture, production, or assembly of advanced manufacturing, advanced transportation technologies, or alternative source products, components, or systems, as defined in Section 26003. "Project" does not include tangible personal property that processes or uses recycled feedstock in a manner that would constitute disposal as defined in subdivision (b) of Section 40192.

(2) "Recycled feedstock" means materials that would otherwise be destined for disposal, having completed their intended end use and product lifecycle.

(3) "Soil amendments" may include "compost," as defined in Section 14525 of the Food and Agricultural Code, "fertilizing material," as defined in Section 14533 of the Food and Agricultural Code, "gypsum" or "phosphatic sulfate gypsum," as those terms are defined in Section 14537 of the Food and Agricultural Code, or a substance distributed for the purpose of promoting plant growth or improving the quality of crops by conditioning soils through physical means.

(c) The authority shall publish notice of the availability of project applications and deadlines for submission of project applications to the authority.

(d) The authority shall evaluate a project application based on all of the following criteria:

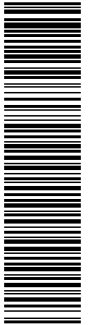
(1) The extent to which the project develops manufacturing facilities, or purchases equipment for manufacturing facilities, located in California.

(2) The extent to which the anticipated benefit to the state from the project equals or exceeds the projected benefit to the participating party from the sales and use tax exclusion.

(3) The extent to which the project will create new, or result in the loss of, permanent, full-time jobs in California, including the average and minimum wage for each classification of full-time employees proposed to be hired or not retained.

(4) To the extent feasible, the extent to which the project, or the product produced by the project, results in a reduction of greenhouse gases, a reduction in air or water pollution, an increase in energy efficiency, or a reduction in energy consumption, beyond what is required by federal or state law or regulation.

(5) The extent of unemployment in the area in which the project is proposed to be located.



(6) Any other factors the authority deems appropriate in accordance with this section.

(e) At a duly noticed public hearing, the authority shall approve, by resolution, project applications for financial assistance.

(f) Notwithstanding subdivision (j), and without regard to the actual date of any transaction between a participating party and the authority, any project approved by the authority by resolution for the sales and use tax exclusion pursuant to Section 6010.8 of the Revenue and Taxation Code before March 24, 2010, shall not be subject to this section.

(g) The Legislative Analyst's Office shall report to the Joint Legislative Budget Committee on the effectiveness of this program, on or before January 1, 2019, by evaluating factors, including, but not limited to, the following:

(1) The number of jobs created by the program in California.

(2) The number of businesses that have remained in California or relocated to California as a result of this program.

(3) The amount of state and local revenue and economic activity generated by the program.

(4) The types of advanced manufacturing, as defined in paragraph (1) of subdivision (a) of Section 26003, utilized.

(5) The amount of reduction in greenhouse gases, air pollution, water pollution, or energy consumption.

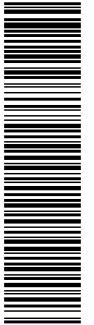
(h) ~~The~~ (1) Except as provided in paragraph (2), the exclusions granted pursuant to Section 6010.8 of the Revenue and Taxation Code for projects approved by the authority pursuant to this section shall not exceed one hundred million dollars (\$100,000,000) for each calendar year.

(2) (A) Notwithstanding paragraph (1), for the calendar year 2021, the exclusions granted pursuant to Section 6010.8 of the Revenue and Taxation Code for projects approved by the authority pursuant to this section shall not exceed two hundred million dollars (\$200,000,000).

(B) Notwithstanding paragraph (1), any amount of the allowable exclusions for the calendar year 2021 that has not been granted at the end of calendar year 2021 shall be added to the allowable exclusions for the calendar year 2022. The amount added shall not exceed one hundred million dollars (\$100,000,000).

(i) (1) The authority shall study the efficacy and cost benefit of the sales and use tax exemption as it relates to advanced manufacturing projects. The study shall include the number of jobs created, the costs of each job, and the annual salary of each job. The study shall also consider a dynamic analysis of the economic output to the state that would occur without the sales and use tax exemption. Before January 1, 2017, the authority shall submit to the Legislature, consistent with Section 9795 of the Government Code, the result of the study.

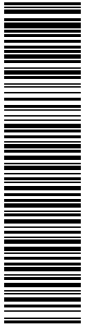
(2) Before January 1, 2015, the authority shall, consistent with Section 9795 of the Government Code, submit to the Legislature an interim report on the efficacy of the program conducted pursuant to this section. The study shall include recommendations on program changes that would increase the program's efficacy in creating permanent and temporary jobs, and whether eligibility for the program should be narrowed or extended to other manufacturing types. The authority may work with the Legislative Analyst's Office in preparing the report and its recommendations.



(j) This section shall remain in effect only until January 1, 2026, and as of that date is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2026, deletes or extends that date. The sale or purchase of tangible personal property of a project approved before January 1, 2026, shall continue to be excluded from sales and use taxes pursuant to Section 6010.8 of the Revenue and Taxation Code for the period of time set forth in the authority's resolution approving the project pursuant to this section.

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## LEGISLATIVE COUNSEL'S DIGEST

Bill No. \_\_\_\_\_  
as introduced, \_\_\_\_\_.  
General Subject: California Alternative Energy and Advanced Transportation Financing  
Authority: sales and use tax exclusion.

The California Alternative Energy and Advanced Transportation Financing Authority Act establishes the California Alternative Energy and Advanced Transportation Financing Authority. The act authorizes, until January 1, 2026, the authority to provide financial assistance in the form of a sales and use tax exclusion for projects, including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption. The act requires the authority to evaluate projects based on certain criteria. The act limits the amount of sales and use tax exclusion granted to \$100,000,000 for each calendar year.

This bill would, for the calendar year 2021, increase the amount of sales and use tax exclusions granted to \$200,000,000. The bill would authorize any amount of the allowable exclusions for the calendar year 2021 that has not been granted at the end of that calendar year to be added to the allowable exclusions for the calendar year 2022. The bill would require that the amount added to the allowable exclusions for the calendar year 2022 not exceed \$100,000,000.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

