



# NEWS...

## From the Desk of California State Treasurer Fiona Ma



Dear Friends,

AUGUST 2021

Visionary. Ambitious. Game-changer.

These are some of the terms that come to mind when I consider the college savings plan approved by the Legislature and the Governor in the 2021-22 state budget. It would set up college savings accounts with \$500 and possibly more, for 3.7 million public school students from low-income backgrounds. This is in addition to accounts opened for all newborns in California.

The plan takes aim at a persistent and pernicious social equity issue – unequal access to higher education – by letting low-income students and their families know that college is a possibility, and, if they pursue their higher education dreams, they will get help from the state.

The program is now being developed by the [ScholarShare Investment Board \(SIB\)](#), which I chair. SIB administers [ScholarShare 529](#), the state’s college savings plan. You can learn more by reading the newsletter.

The newsletter also highlights an exceptionally successful economic development program that combines job retention and creation with the reduction of pollution and the emission of greenhouse gases. It is the [Sales and Use Tax Exclusion \(STE\) Program](#) and it is administered by the [California Alternative Energy and Advanced Transportation Financing Authority \(CAEATFA\)](#), which I chair. Under the program, companies that qualify can forgo paying sales tax when buying equipment needed to construct new facilities or improve existing ones.

Since the program started at the end of 2010, it has supported 94,756 jobs, created 4,139 jobs and brought a net benefit to California of \$908 million.

Programs like STE and ScholarShare 529 make a huge difference in improving our state’s economy and the education of our residents. I’m proud to oversee them and thank all my dedicated, hard-working, and creative staff for working to make certain they operate smoothly.

In Peace and Friendship,

Fiona Ma, CPA  
California State Treasurer

### TABLE OF CONTENTS

- 1 Welcome Letter
- 2 Ask Fiona
- 3 Sales Tax Exclusion Program
- 3 CalKIDS Expands
- 6 BCA Calendar
- 7 The Vault
- 8 Top Billing
- 10 In the Community

*This newsletter is not intended to be and should not be used for making investment decisions about State of California bonds or notes. Potential investors should always obtain and read the Official Statement published by the State for each issue of bonds or notes.*



[HTTPS://WWW.TREASURER.CA.GOV](https://www.treasurer.ca.gov)



# Ask Fiona

If you have a question, please email me at [askfiona@treasurer.ca.gov](mailto:askfiona@treasurer.ca.gov)

D

Hello Fiona,

How do I make sure that I receive my payments for the expanded Child Tax Credit?

Sincerely,  
Abby

Hello Abby,

The new Child Tax Credit enacted by the American Rescue Plan provides the largest child tax credit ever and historic relief to working families. Working families earning up to \$150,000 as a married couple or \$112,500 as a single parent (also known as Head of Household) are eligible to receive \$3,000 per child for children over the age of six and \$3,600 for children under the age of six. This is an increase from \$2,000 per child in 2020.

In order to get much needed relief in the hands of families, the IRS will send you half of your 2021 Child Tax Credit this year in the form of monthly payments, starting in July. You will receive the remaining amount when you file you 2021 income taxes. If you would like to receive the entire Child Tax Credit in a lump sum payment when you file your 2021 taxes, you can opt out of monthly payments through the Internal Revenue Service's (IRS) [Child Tax Credit Update Portal](#).

Most families will automatically receive monthly payments without having to take any action. If you've filed tax returns for 2019 or 2020, or if you signed up to receive a stimulus check from the IRS, you will get this tax relief automatically.

If you didn't make enough to be required to file taxes in 2020 or 2019, you are still eligible for the Child Tax Credit payments. If you haven't signed up with the IRS to receive a stimulus check, you can still do so to receive the Child Tax Credit using the IRS [Non-filer Sign-up Tool](#). Signing up won't affect your eligibility for other federal benefits like Supplemental Nutritional Program (SNAP) and Supplemental Nutritional Program for Women, Infant, and Children (WIC).

For more information, visit [ChildTaxCredit.gov](https://www.irs.gov/childtaxcredit).

Sincerely,  
Fiona

FM



## Have a Question for the Treasurer?

**Send emails to:**

[AskFiona@treasurer.ca.gov](mailto:AskFiona@treasurer.ca.gov),  
with the subject line:  
Ask Fiona

**Address letters to:**

California State Treasurer  
Fiona Ma  
Post Office Box 942809  
Sacramento, CA 94209-0001

# Sales Tax Exclusion Program Retains & Creates Jobs, Spurs Economic Growth & Fights Climate Change

**Children's  
Savings Program  
Gets Funding  
for 3.7 Million  
Kids**

California's statewide children's savings account (CSA) program, the [California Kids Investment and Development Savings Program \(CalKIDS\)](#), received a huge funding boost in the 2021-22 State Budget that will allow a massive expansion of the program.

The budget provides an additional \$1.9 billion in federal and state funds to support CalKIDS. The program is now being developed by the [ScholarShare Investment Board \(SIB\)](#), chaired by State Treasurer Fiona Ma, which oversees the state's [ScholarShare 529](#).

CalKIDS was originally designed to provide each child born in California with a seed deposit and possible additional financial incentives in a college savings account. Funds from the budget will be used to expand the program to cover 3.7 million low-income public school students in grades one through twelve who qualify for free or reduced lunch, are homeless, or are in foster care.

"This budget boost is breathtaking," said Treasurer Ma. "It takes aim at a huge equity issue – unequal participation in higher education – by letting low-income students and their families know that higher education is

In 2018, Zanker Recycling of San Jose wanted to install a costly, new automated sorting system to more efficiently sort incoming waste material and keep more of it out of landfills. But financing was a problem, that is until the company found out about the [Sales and Use Tax Exclusion \(STE\) Program](#). Eventually, the company won an award, allowing it to forego \$930,757 in California sales taxes for equipment it needed to purchase to build the project. The lower cost made the project viable.

"This program is the main reason we could move forward. Without it we probably wouldn't do the project," said Michael Gross, Director of Sustainability at Zanker Recycling.

"It comes down to that. Markets are really difficult here in the United States, and we're hoping for a lot more manufacturing coming to California."

Zanker is one of scores of recycling, advanced manufacturing, and alternative energy companies to benefit from the STE program, which was created in 2010. The program supports and expands manufacturing in California. Unlike some other economic development programs, the STE program is carefully targeted and requires companies to document how they support jobs and fight climate change by reducing emissions of greenhouse gases.

Since it was created, the program has supported 94,756 jobs, created 4,139 new jobs, and brought a net benefit to California of \$908 million.

The economic benefits include generating additional taxes, while the environmental benefits come from reducing air pollutants and conserving energy and other natural resources. Companies receive the awards if they score high enough on an application that gives points for job creation and economic development, location in a more distressed economic area,

## The Sales & Use Tax Exclusion Program



### FACTS at a GLANCE

Since the program began at the end of 2010:

- Total number of awards: **278**
- Estimated number of jobs supported: **94,756**
- Estimated number of jobs attributable to the sales tax exclusion: **4,139**
- Estimated fiscal benefits of the projects: **\$1.6 billion**
- Estimated environmental benefits of the projects: **\$130 million**
- Estimated net benefit to the state: **\$908 million**



(continued from CalKIDS)

a possibility and if they pursue their higher education dreams they will have assistance from the state."

Julio Martinez, Executive Director of ScholarShare 529, which administers CalKIDS, says he welcomes this expansion.

"These college savings accounts will jumpstart college savings for both newborns and eligible public school children and instill a sense of hope among participant families and their children that higher education is a realistic and attainable goal, regardless of household income," he said. "Research has found that children with a CSA are three times more likely to enroll in college and nearly four times more likely to graduate than children with no savings."

CSA programs support families with building assets, developing savings behaviors, and maintaining focus on reaching higher education. With approximately 450,000 babies born and 3.7 million underserved students enrolled in grades one through 12 each year in California, CalKIDS is expected to become the largest CSA program in the nation.



To learn more about CalKIDS and sign up for future updates, including complete terms and conditions, click [here](#).

# Sales Tax Exclusion Program

(continued)

natural disaster relief, environmental benefits, and having a corporate headquarters in California.

With these awards, companies can buy the specific manufacturing equipment they need to launch, upgrade or expand their manufacturing capacity without paying sales tax on that equipment. Zanker's 2018 award allowed it to avoid paying taxes on everything from rebar, recycling containers, and concrete, to the Advanced Construction & Demolition processing system at the center of its upgrade.

## The Sales & Use Tax Exclusion Program



### A History Lesson

CAEATFA was established to provide an alternative method of financing to reduce greenhouse gas emissions, encourage renewable energy, and create and retain jobs. The Sales and Use Tax Exclusion program was created by Senate Bill 71, sponsored by then State Senator Alex Padilla, which was approved by the Legislature in 2010.

To win this tax benefit, each project must demonstrate that the anticipated fiscal and environmental benefits are greater than the foregone sales tax. Once approved, applicants have three years to purchase the approved equipment.

The program is administered by the [California Alternative Energy and Advanced](#)

[Transportation Financing Authority \(CAEATFA\)](#) which is chaired by Treasurer Ma.

"This program rewards innovative manufacturers that retain and create jobs, generate taxes, and save energy in their own processes and, in many cases produce environmentally friendly products," said Treasurer Ma. "It's a highly effective economic development tool that gives incentives to companies to stay in California and to do their part to fight climate change by reducing the emission of greenhouse gases."

This year, the STE program gave out \$100 million in sales tax benefits to a wide variety of companies, including a Stanislaus County company that turns methane from dairies into natural gas, a Lemon Grove company in San Diego County that upgraded its recycling center, and a San Jose company that makes electric vehicle batteries in San Jose.

"Companies throughout the state that produce a wide range of products



# Sales Tax Exclusion Program

(continued)

have taken advantage of this program over the years," said Derek Chernow, Executive Director of CAEATFA. "What they have in common is simple – they all contribute to California's economy by providing jobs and helping our state meet its ambitious climate change goals."

Below are several companies that received sales tax benefits this year:



*Treasurer Ma and STO staff members visit the Enovix plant in Fremont, CA.*

**Enovix Corporation** received an estimated \$4.2 million in sales tax exclusions to use when it purchases up to \$49 million of equipment to expand and upgrade its manufacturing facility for mass production of lithium batteries. According to the company,

the batteries have more density and longer life span

The project will support 135 production jobs, 10 of which are attributable to the marginal increase in job creation due to the STE award; and support 34 construction jobs. *For more information, click the following link [HERE](#).*

**Aemetis Biogas** received an estimated \$1.15 million sales tax exclusion to use when it purchases up to \$13.5 million of equipment to add 15 additional dairies to its cluster of dairy biogas production facilities in Stanislaus County. Biogas will be captured, transmitted and turned into renewable natural gas. The natural gas will be sold as transportation fuel or injected into the Pacific Gas and Electric natural gas pipeline.

The estimated net benefit from the project is \$6.3 million. The project will support 5 production jobs and 26 construction jobs. *For more information, click the following link [HERE](#).*

**QuantumScape Corporation** was awarded a sales tax exclusion of \$1.7 million to purchase up to \$20 million in equipment to expand its electric vehicle battery manufacturing facility in San Jose. According to the company, it will produce batteries that are capable of storing more energy per unit than the industry standard and can be produced using fewer raw materials, tools, energy and solvents.

The estimated net benefit from the project is \$340,145. The project will support 445 production jobs and create 37 production jobs. *For more information, click the following link [HERE](#).*

“What they have in common is simple – they all contribute to California's economy by providing jobs and helping our state meet its ambitious climate change goals.”



Derek Chernow  
Executive Director of CAEATFA

# Calendar of Upcoming BCA Events

*Boards, Commissions and Authorities (BCAs) Within the State Treasurer's Office*

## AUGUST



- |    |  |
|----|--|
| 11 | <a href="#"><u>CA Debt Limit Allocation Committee (CDLAC)</u></a> Board Meeting                                      |
| 11 | <a href="#"><u>CA Tax Credit Allocation Committee (CTCAC)</u></a> Board Meeting                                      |
| 17 | <a href="#"><u>CA Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)</u></a> Board Meeting |
| 17 | <a href="#"><u>ScholarShare Investment Board (SIB)</u></a> Board Meeting   |
| 18 | <a href="#"><u>Pooled Money Investments Board (PMIB)</u></a> Meeting   |
| 26 | <a href="#"><u>CA Health Facilities Financing Authority (CHFFA)</u></a> Board Meeting                                |
| 26 | <a href="#"><u>CA Educational Financing Authority (CEFA)</u></a> Board Meeting                                       |
| 26 | <a href="#"><u>CA School Financing Authority (CSFA)</u></a> Board Meeting  |

*Teleconference information, other scheduled BCA meetings, agendas, deadlines for grants, and more, may be accessed as the information is posted or updated on the Treasurer's website:*

**<https://www.treasurer.ca.gov/>**

*Meeting date and times may change; please check the BCA links included above for such notices, as well as for teleconference details.*

***Note:** The State Treasurer's Office provides essential services for the citizens of California. In order to protect the health of our community in response to COVID-19, the BCAs have modified standard committee meeting procedures. Participants, interested parties, and non-essential staff are requested to join meetings via teleconference. Social distancing measures also have been adopted at meeting locations, which will limit the space available for in-person attendees. Public participation and comment periods will not be impacted.*



# The Vault

A calendar of recent and upcoming bond sales

## July 8

### Trustees of the California State University Systemwide Revenue Bonds, Series 2021A, 2021B (Federally Taxable) and Series 2016B-2 – \$1.888 billion

Proceeds of the bond sale will finance the acquisition, construction, renovation and improvement of various CSU projects and refund previously issued debt for debt service savings. The refunding bonds are expected to save \$114.0 million in debt service costs over the next 23 years, or \$102.6 million on a present value basis. The Series 2016B-2 put bonds were remarketed to a new interest rate period.

The bonds were rated Aa2 by Moody's Investors Services and AA- by S&P Global Ratings. The all-in true interest cost was 2.58 percent. The Series 2021A bonds will mature on dates ranging from 2021 to 2052 and bear interest rates ranging from 3 percent to 5 percent, with yields initially reoffered to investors ranging from 0.07 percent to 1.98 percent. The Series 2021B bonds will mature on dates ranging from 2022 to 2052, with interest rates initially reoffered to investors ranging from 0.196 percent to 2.939 percent. The Series 2016B-2 bonds were remarketed at a yield of 0.55 percent to the November 1, 2026 mandatory tender date.

## Week of August 2, 2021

### State of California Department of Veteran Affairs Home Purchase Revenue Bonds Series 2021 A – Approximately \$109 million

Proceeds of the upcoming bond sale will refund previously issued debt for debt service savings.

## September 2021

### California Earthquake Authority Revenue Bonds series 2021A and 2021B – Approximately \$700 million

Proceeds of the upcoming bond sale will be used to enhance the CEA's claim-paying capacity for damages resulting from earthquake events.



More information about the upcoming bond sales can be found at:

[BuyCaliforniaBonds.com](http://BuyCaliforniaBonds.com)



*Note: The bond issuances described (including the amounts and timing thereof) are preliminary and subject to change or cancellation based on market conditions or other factors as determined by the State Treasurer.*





# Top Billing

A Monthly Update on Key Legislation for Treasurer Ma

## SECURE Act Tax Conformity

*Assembly Bill 340, Christopher Ward (D-San Diego)*

<https://a78.asmdc.org/>

This bill will conform to federal law to allow Californians with ScholarShare 529 savings accounts to utilize those funds to pay student loan debt and expenses related to qualified apprenticeship programs, in addition to the other qualified education expenses already allowed under state law.

## Updated Time Deposit Collateral Requirements and Pooled Money

*Senate Bill 239, Senate Committee on Banking and Financial Institutions*

<https://sbnk.senate.ca.gov/>

This bill would codify California statute to lower the collateral requirements, from 110% of the amount deposited, to 100% of the amount deposited, the required value of a Federal Home Loan Bank (FHLB) letter of credit that a credit union or a savings and loan association may use as security, matching the collateral requirements banks currently have, for a deposit of state funds made by the State Treasurer. In addition, this bill authorizes the State Treasurer to invest surplus state funds in money market mutual funds that meet certain specifications and requirements.

## Office of Racial Equity

*Senate Bill 17, Richard Pan (D-Sacramento)*

<http://sd06.senate.ca.gov/>

This bill declares racism a public health crisis and establishes the Office of Racial Equity (ORE) and the Racial Equity Advisory and Accountability Council, in order to address systemic and institutional racism that has resulted in poorer health outcomes and disparities in Black, Indigenous, and people of color (BIPOC).

## International Bonds

*Assembly Bill 869, Richard Bloom (D-Santa Monica)*

<http://asmdc.org/members/a50/>

This bill would expand the Treasurer's Office's authorized investment options to include dollar-denominated sovereign debt of countries with strong credit ratings and qualifications of the National Association of Insurance Commissioners.





# Top Billing

## Hepatitis Screening

Assembly Bill 789, Evan Low (D-Campbell)

<https://a28.asmdc.org/>

This bill will require health facilities and clinics that provide outpatient primary care services in California to offer voluntary screening for hepatitis B and C, and provide persons tested positive with follow-up health care and treatment.

## California Jumpstart Act

Senate Bill 777, Steven Bradford (D-Gardena)

<http://sd35.senate.ca.gov/>

This bill builds on the state's existing small business COVID recovery initiatives without placing demands on the current budget by incentivizing \$375M of flexible private capital at below market rates for immediate investment into under-resourced small businesses with 250 or fewer employees, located in communities grappling with geographic, racial, and economic disparities.

## Constitutional Officers

### Gender Neutrality

Assembly Bill 378, Rebecca Bauer-Kahan (D-Orinda)

<https://a16.asmdc.org/>

This bill will update California law to reflect reality and equality by eliminating gendered pronouns in reference to constitutional officers.





# In the Community



**June 22** – Treasurer Fiona Ma, Sacramento Mayor Darrell Steinberg and a group of Sacramento elected leaders broke ground on a project to build electric vehicle charging stations at the Power Inn Light Rail Station in Sacramento. This public/private partnership includes the California Pollution Control Financing Authority (CPCFA), chaired by Treasurer Ma, Sacramento Regional Transit District, SMUD, and GiddyUp EV Charging, a private company.

Joined with Treasurer Ma were Sacramento Mayor Darrell Steinberg, both Sacramento Regional Transit (SacRT) CEO, Henry Li, and Board Chair, Steve Miller, California Environmental Protection Agency Secretary, Jared Blumenfeld, and SMUD Board Member, Heidi Sanborn and SMUD CEO, Paul Lau.

**June 25** – California State Treasurer Fiona Ma was the keynote speaker for Santa Monica College's 91st commencement ceremony held virtually.



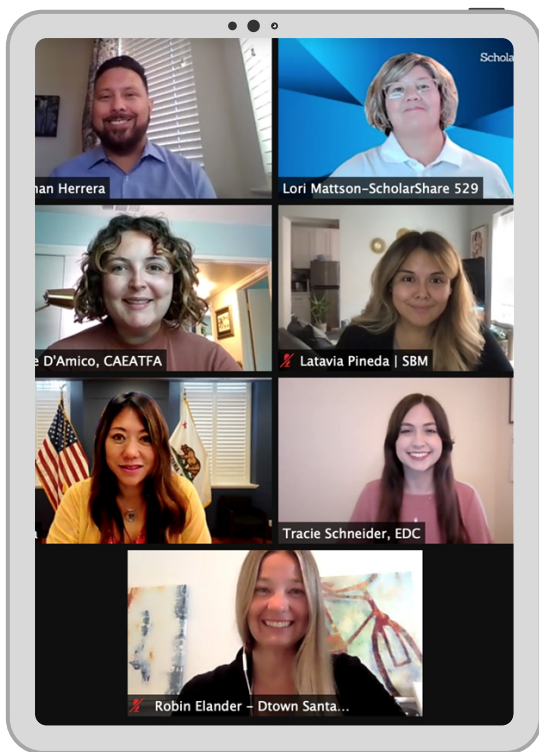
**June 28** – 100 Women in Finance hosted a virtual session, "Women on Corporate Boards and Their Impactful Leadership," with California State Treasurer Fiona Ma, CPA (bottom right); Independent Director of OFG Bancorp and LifeStorage, Sue Harnett (top right); and Moderator, Julie Castro Abrams (top left) of How Women Invest, Founder & General Partner. Marianne O (bottom left) is Co-founder & Portfolio Manager at Lumen Advisors and is part of Steering Committee Member at 100 Women in Finance.





# In the Community

**July 1** – California State Treasurer Fiona Ma and CTCAC and CDLAC Executive Director Nancee Robles, visited the future site of PEP Housing's 59-unit Pony Express Senior Apartments in Vacaville, CA for a groundbreaking ceremony.



**July 13** – Treasurer Ma was a panelist for the "How to access state savings and financing programs for your small business" webinar in partnership with the Economic Development Collaborative (EDC) and Downtown Santa Barbara.

Pictured with Treasurer Ma are her STO Staff as well as Latavia Pineda, SoCal Outreach Manager of the Small Business Majority; Tracie Schneider, Communications and Marketing Manager of EDC; and Robin Elander, Executive Director at Downtown Santa Barbara.

**July 15** – Treasurer Fiona Ma addressed the Statewide Disability Advisory Council virtual meeting and spoke about the CalABLE program which she chairs. Bobby Dutta (bottom left), Co-Chair of the Statewide Disability Advisory Council, introduced the Treasurer and CalABLE's Program Manager, Anne Osborne (upper left), who also made brief remarks.

