

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

Request to Approve Project for a Sales and Use Tax Exclusion¹

Joby Aero, Inc
Application No. 24-SM002

Tuesday, July 16, 2024

Prepared By: *Katrina Walters-White, Program Analyst & Jeannie Yu, Program Analyst*

SUMMARY

Applicant – Joby Aero, Inc.

Location – Marina, Monterey County; San Carlos, San Mateo County

Industry – Electric Vertical Take-Off and Landing (eVTOL) Aircraft Manufacturing

Project – Expansion of Electric Vertical Take-Off and Landing (eVTOL) Aircraft
Manufacturing Facilities (Advanced Transportation)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ²
\$22,704,008	\$1,916,218

Estimated Net Benefit ³	Dollar Value	Points Earned ⁴
Estimated Fiscal Benefits	\$4,238,047	2,212
Estimated Environmental Benefits	\$82,362	43
Additional Benefits	N/A	178
Total	\$4,320,409	2,432
Estimated Quantifiable Net Benefit	\$2,404,191	

Competitive Criteria Score – 217

Staff Recommendation – Approval

¹ All capitalized terms not defined in this document are defined in the STE Program’s statutes and regulations.

² This amount is calculated based on the average statewide sales tax rate of 8.44%.

³ Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6).)

⁴ Dollar values and point values in the staff summary may not add up correctly due to rounding in the Application worksheet.

THE APPLICANT

Joby Aero, Inc. (the “Applicant”), a Delaware corporation formed in 2009, develops and builds lightweight, all-electric, vertical take-off and landing (eVTOL) aircraft. The Applicant is headquartered in Santa Cruz and is a publicly traded company on the NYSE under the ticker JOBY.

On June 18, 2019, the CAEATFA Board granted the Applicant an STE award for the purchase of up to \$73,473,675 in Qualified Property for an estimated STE value of \$6,142,399 to build a new eVTOL Aircraft Production Facility. As of January 1, 2024, the Applicant has reported \$63,245,037.09 in Qualified Property purchases (86% of the total Qualified Property amount approved).

The Applicant received a grant of \$9.8 million from the California Competes Grant Program⁵ administered by the Governor’s Office of Business and Economic Development on November 16, 2023.

The major shareholders (10.0% or greater) of the Applicant are:

Joby Aviation (100%)

The corporate officers of the Applicant are:

JoeBen Bevirt, Founder and CEO
Matt Field, CFO
Greg Bowles, Head of Government and Regulatory Affairs
Bonny Simi, Head of Air Operations and People
Eric Allison, Head of Product
Kate DeHoff, General Counsel and Corporate Secretary
Didier Papadopoulos, Head of Aircraft OEM

THE PROJECT

The Applicant is requesting a sales and use tax exclusion (“STE”) award to expand its current eVOTL aircraft manufacturing operations by building out its facility in San Carlos and constructing a new facility in Marina (the “Project”). The San Carlos facility will be dedicated to the production of powertrains and battery packs while the Marina facility will be dedicated to the production of aircraft.

The Applicant manufactures the S4 eVTOL, a single pilot, four passenger aircraft that takes off vertically, converts to horizontal flight and then converts back to land vertically. The Applicant claims the aircraft has an all-composite airframe with multiple electric motors, is powered by multiple battery packs, and uses no carbon-based fuel. According to the Applicant, the S4 motors are substantially quieter than traditional helicopters and will be less audible than the average city

⁵ California Code of Regulations, Title 10, Chapter 13, Article 1 (commencing with Section 8000).

background noise and have the flight range capability of traveling from San Jose to San Francisco. The Applicant uses composite material to produce the S4 aircraft, which is required to achieve very low weight while maintaining the structural strength required for safe flight and Federal Aviation Administration certification.

According to the Applicant, the aircraft will reduce fuel consumption, when compared to automobiles, by a weighted average of 33,120 gallons per air taxi, per year, based on estimates of average passenger loading, average trip distance, average vehicle maintenance down time, average automobile loading of 2.5 passengers per vehicle, and taking into account increasing automobile fuel economies. The conservative estimates are based on automobile-avoided miles and do not include the additional fuel consumed in auto traffic congestion.



Figure 1: S4 Aircraft

ANTICIPATED COSTS OF QUALIFIED PROPERTY

The anticipated Qualified Property purchases are listed below:

PowerTrain Manufacturing Equipment	\$1,260,000
Battery Manufacturing Equipment	\$1,360,000
Testing Facility/Stands	\$4,267,292
Certification and Testing Equipment	\$5,372,000
Simulator and Simulation Equipment	\$300,001
Flight Test Equipment	\$1,150,000
Airframe Assembly	\$588,000
Composite Manufacturing and Tooling	\$7,271,715
Quality Assurance Inspection Equipment	\$240,000

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Small Support/Handling Equipment/Tools	\$695,000
Additive Manufacturing	\$200,000
Total	<u>\$22,704,008</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. In accordance with the Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project over original estimates, and other reasons. In addition, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

TIMELINE

The Applicant has begun the construction of its facilities and anticipates production to begin in July of 2025.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

The Applicant has actively engaged with the city of Marina, Monterey County and the FAA through the permitting process. The Applicant states the building permits have been approved by the Marina Planning Commission and FAA in April 2024.

COMPETITIVE CRITERIA SCORE

The Applicant received 217 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points)**. The Application has a Project that produces an Advanced Transportation Technology, and, therefore, 100 points are awarded.
2. **Unemployment (42 of 50 points)**. The Applicant's Project's primary Facility is located in Monterey County, which has an average annual unemployment rate of 6.6%.⁶ When compared to the statewide average annual unemployment rate of 4.6%, the Project location earned the Applicant 42 points.
3. **Job Creation (60 of 75 points)**. The Applicant anticipates the Project will support a total of 911 production-related jobs at its Facilities. CAEATFA estimates that approximately 21.27 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 60 points.

⁶ Unemployment rates are based on data available in December 2023.

4. **California Headquarters (15 of 15 points)**. The Applicant has a California Corporate Headquarters, and, therefore, 15 points are awarded.
5. **Natural Disaster Relief (0 of 50 points)**. The Project is not to rebuild or relocate the Applicant's Facilities 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, and, therefore, zero points are awarded.
6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (0 of 50 points)**. The Applicant is eligible to use one or more of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, zero points are awarded.
7. **Emerging Strategic Industry (0 of 75 points)**. The Project's industry is not an Emerging Strategic Industry, and, therefore, zero points are awarded.

PROJECT EVALUATION

PROJECT BENEFITS

The Project received a Total Score of 2,432 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 43 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (2,212 points)**. The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to \$4,238,047, resulting in a Fiscal Benefits score of 2,212.
- B. **Environmental Benefits (43 points)**. The Project is anticipated to result in \$82,362 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 43 points. These benefits derive from the manufacturing of electric aircraft, which deliver a new reduction in energy consumption and CO2 emissions relative to gasoline vehicles.
- C. **Additional Benefits (178 points)**. Applicants may earn additional points for their Total Score. The Applicant received 178 additional points.
 1. **Production Jobs (60 of 75 points)**. The Applicant anticipates the Project will support a total of 911 production-related jobs at its Facilities. CAEATFA estimates that approximately 21.27 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 60 points.

2. **Construction Jobs (0 of 75 points)**. The Applicant anticipates the Project will support a total of 50 construction jobs at its Facilities. CAEATFA estimates that approximately 1.17 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.
3. **Unemployment (42 of 50 points)**. The Applicant’s Project is located in Monterey County, which has an average annual unemployment rate of 6.6%. When compared to the statewide average annual unemployment rate of 4.6%, the Project location earned the Applicant 42 points.
4. **Research and Development Facilities (25 of 25 points)**. The Applicant has verified that it has a facility located in California that performs research and development functions related to electric aviation, lithium-ion battery development and additive manufacturing.
5. **Workforce Partnerships (25 of 25 points)**. The Applicant has a partnership with the Monterey Workforce Development Board, Workforce Investment Board, Mujeres En Accion, Hartnell College Foundation, Pajaro and Monterey Peninsula Unified School Districts, Monterey Bay Economic Partnership, Drone Automation and Robotics Technologies, University of California Santa Cruz, University of California Merced, California State University Monterey Bay, California State University Santa Barbara, Monterey Bay Economic Partnership, Santa Cruz Chamber of Commerce, Santa Cruz Works, REACH, Salinas Inclusive Economic Development Initiative, Sierra Business Council, 3CORE, Inc., Marina Community Partners, and the Irvine Foundation for the purpose of assisting in the training of potential future workers.
6. **Benefits and Fringe Benefits (25 of 25 points)**. The Applicant states it provides medical, health, dental and vision benefits, bonuses, retirement contributions, transportation subsidies, education reimbursement, gym subsidies, employee discounts, and paid leave to its employees, earning the Applicant 25 points.

LEGAL QUESTIONNAIRE

Staff reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of this Applicant.

CAEATFA FEES

In accordance with STE Program regulations,⁷ the Applicant has paid CAEATFA an Application Fee of \$10,000 and will pay CAEATFA an Administrative Fee of up to \$90,816.03.

RECOMMENDATION

Staff recommends the approval of Resolution No. 24-SM002-01 for Joby Aero, Inc.’s purchase of qualifying tangible personal property in an amount not to exceed \$22,704,008, anticipated to result in an approximate STE value of \$1,916,218.

⁷ California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
REGULATORY AGREEMENT WITH JOBY AERO, INC.**

July 16, 2024

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Joby Aero, Inc.** (the “Applicant”) for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant’s qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the “Project”); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed \$22,704,008 over a period of three (3) years; and

WHEREAS, the Applicant asserts that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Project pursuant to Revenue and Taxation Code Section 6010.8; and

WHEREAS, the approval of the terms of the Regulatory Agreement and authority for the Executive Director or Chair of the Authority to execute the necessary documents to effectuate the Regulatory Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a participating party within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to the Project as the Authorized Signatories deem appropriate, provided that the amount of the

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qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including, without limitation, the execution and delivery of any and all documents and certificates they may deem necessary or advisable to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained, and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.