



Sales and Use Tax Exclusion (STE) Program Application Details & Instructions

Updated: December 13, 2024

I. Overview

A. PROGRAM OVERVIEW

The Sales and Use Tax Exclusion (STE) Program excludes sales and use taxes from purchases of Qualified Property used for the design, manufacture, production, or assembly of either advanced transportation technologies or alternative energy source products, components or systems; used in an advanced manufacturing process; or used in projects that process or utilize recycled feedstock.

Eligible manufacturers planning to construct a new manufacturing facility in California or expand or upgrade an existing manufacturing facility in California may apply to CAEATFA for a sales and use tax exclusion award, and if awarded, purchases of Qualified Property for the Project are excluded from state and local sales and use tax.

CAEATFA staff reviews each Application for completeness and reasonableness of assumptions and makes a recommendation to the CAEATFA Board. The CAEATFA Board will then consider and vote whether to approve an Application.

B. TIMELINE

Application Release	December 13, 2024
Application Workshop	January 9, 2025 10:00 AM to 12:00 PM PT
Application Due Date	January 30, 2025 12:00 PM PT
CAEATFA Board Presentation & First Round Award Announcement	June 17, 2025
Second Round (If Applicable)	Any remaining unawarded amounts from the previous application period
Third Round (If Applicable)	Any remaining unawarded amounts from the previous application period

C. LEGISLATION AND REGULATIONS

It is the responsibility of the Applicant to review the legislation and regulations pertinent to the STE program details and requirements:

1. PRC Section 26011.8 et seq.
2. RTC Section 6010.8
3. PRC Section 26000 et seq.

4. CCR, Title 4, Division 13, Article 2, Section 10030-10037.

D. FEES

CAEATFA supports the STE program administrative costs through the fees established in CCR, Title 4, Division 13, Article 2, Section 10036. For assistance in determining the appropriate fee, the fee calculator can be found on the [CAEATFA website](#).

1. Application Fee

- a. The Application Fee is due upon submission of the Application and is non-refundable.
- b. The Application Fee is equal to 0.0005 (0.05%) of the total amount of Qualified Property identified in the Application as originally submitted.
 - 1) If during the Application process, the Applicant reduces the amount of Qualified Property listed in the Application as submitted, the Applicant will not be entitled to a refund.
 - 2) If the Applicant makes a request to increase the amount of Qualified Property listed in a revised or amended Application, CAEATFA will require an additional Application Fee to be submitted.
- c. The Application Fee shall be a minimum of \$250 and shall not exceed \$10,000.
- d. The Application Fee is non-refundable, except in the event an application is:
 - 1) only reviewed to determine its Competitive Criteria ranking; AND
 - 2) is not fully reviewed by staff due to the Applicant's Competitive Criteria ranking and the oversubscription of the Statutory Cap. Then 75% of the Application Fee will be refunded.
- e. If the Applicant can demonstrate the Project is forced to relocate or rebuild the Applicant's Facility due a fire, flood, storm, or earthquake identified in a state of emergency proclamation made by the California State Governor within two years of the time of application, the Application Fee is waived.

2. Administrative Fees

- a. Administrative Fees cover the costs associated with the STE Program, including costs of compliance monitoring. The \$15,000 minimum Administrative Fee is due upon the execution of the Regulatory Agreement and is credited towards the total Administrative Fee due.
- b. The Administrative Fee amount is calculated as follows:

- 1) The total Administrative Fee amount is 0.004 (0.4%) of the total amount of Qualified Property actually purchased during the term of the award.
- 2) The total Administrative Fee is a minimum of \$15,000 and shall not exceed \$350,000.
- 3) The Applicant's Administrative Fee is due and payable at the time of each semi-annual report submission in an amount equal to 0.004 of the Qualified Property purchase amounts for that semi-annual reporting period until the total Administrative Fee is paid.
- 4) If an Applicant overpays the total Administrative Fee amount (typically when the Applicant does not use the full Qualified Property amount approved), the Applicant will be refunded the excess Administrative Fees paid.
- 5) The total Administrative Fee is not refundable.

3. Other Fees

- a. The Authority will charge fees to cover the costs associated with other supplemental Applicant requests.
 - 1) Regulatory Agreement and/or Authorizing Resolution Modification:
 - i.) Extension of the 15% purchase requirement timeframe is \$1,500.
 - ii.) Extension of the three-year initial term is \$2,000.
 - iii.) Extension the 15% purchase requirement AND the three-year initial term for consideration at the same Authority Board meeting is \$2,250.
 - iv.) All other requests for a modification to Regulatory Agreements or authorizing resolutions that must be approved by the Authority Board are \$500.
 - v.) An Applicant requesting a modification to its Regulatory Agreement or authorizing resolution that requires a revised application to be considered by the Authority shall pay 0.00005 (0.005%) of the total amount of Qualified Property identified in the Authority resolution approved by the Board.
 - vi.) In no case shall this fee be less than \$500 nor more than \$2,000.

II. STE Application Components

A complete Application package includes all of the following documents:

A. APPLICATION PART A

Should be completed and the certification signed by a senior company official with primary responsibility for financing the Project certifying, to the best of his or her knowledge, that the Application contains no false or incorrect information and that the Application, including all sections, exhibits, and attachments, is truly descriptive and representative of the Project. Including:

1. **Application Information**
2. **Sales and Use Tax Exclusion Request**
3. **Project Narrative**
4. **Legal Status Questionnaire**
 - a. **Financial Viability:** disclose any material information relating to any legal or regulatory proceeding or investigation in which the Applicant (or any parent company, subsidiary, or affiliate that is involved in the management, operation, or development of the Project) is or has been a party that might have a material impact on the financial viability of the Project or the Applicant.
 - b. **Fraud, Corruption, or Serious Harm:** disclose any civil, criminal, or regulatory action in which the Applicant (or any current board members, partners, limited liability corporation members, senior officers, or senior management personnel) has been named a defendant (including any action that remains pending, has been dismissed, or was found in favor of the Applicant) in the past ten years involving any of the following:
 - i. fraud;
 - ii. corruption;
 - iii. matters related to employment conditions (including, but not limited to allegations of wage issues, discrimination, or harassment);
 - iv. allegations of involving health and safety where there are allegations of serious harm to employees (such as Cal/OSHA violations); and
 - v. allegations involving health and safety where there are allegations of serious harm to the public or the environment (such as air permit or air quality violations).

The information provided should include:

- i. relevant dates;
- ii. the nature of the allegation(s), charters, complaint, or filing;
- iii. the outcome; and
- iv. if matters are still pending, the Applicant should provide the current status of the matter and any upcoming events (e.g., hearings, filings, etc.).

The Applicant may also provide an explanation and any mitigating information or subsequent remedial steps taken by the Applicant.

To be eligible for an STE award, the Applicant must not have been found guilty of a willful violation by the Occupational Safety and Health Administration or have a case under the Occupational Safety and Health Administration's Severe Violator Enforcement Program.

5. Trade Secrets and Confidential Information

If elements of this Application (Part A and/or Part B) contain information the Applicant considers to be trade secret, confidential, privileged or otherwise exempt from disclosure under the Public Records Act (California Government Code Section 7920.000, et seq.), the Applicant must assert a claim of exemption at the time of Application by identifying in an accompanying letter each of the items to be restricted. The asserted claim must be very specific as to what information is considered exempt from disclosure (e.g., Box C4 of Part B) and why the information is exempt from disclosure.

6. Survey Questions

Survey questions are used to determine possible changes, additions, and to determine more and better ways to promote the STE program.

7. Demographic Survey

The demographic survey is strictly voluntary and will NOT be used in the scoring of the Application but may be used for governmental reporting purposes.

8. Applicant Certification

Must be signed by a Senior Official with authority to sign the certification and to the veracity of responses in all components of the Application.

B. APPLICATION PART B

1. [Application Part B Workbook \(in Excel Format\)](#)



C. APPLICATION FEE

1. Application Fee

Please see Section I.D. above for detailed information on fees.

2. Application Fee Waiver Documentation (if applicable)

If you would like to apply for the fee waiver, please provide documentation that the Project was forced to rebuild or relocate due a fire, flood, storm, or earthquake identified in a state of emergency proclamation made by the California State Governor within two years of the time of application.

III. Definitions

The following is a list of terms frequently referred to in this Application.¹ Please refer to Section 10031 of Title 4 of the California Code of Regulations for additional terms and definitions.

A. Advanced Manufacturing

1. “Advanced manufacturing” **means** manufacturing processes that improve existing or create entirely new materials, products, and processes through the use of science, engineering, or information technologies, high-precision tools and methods, a high-performance workforce, and innovative business or organizational models utilizing any of the following technology areas:
 - a. Microelectronics and nanoelectronics, including semiconductors.
 - b. Advanced materials.
 - c. Integrated computational materials engineering.
 - d. Nanotechnology.
 - e. Additive manufacturing.
 - f. Industrial biotechnology.
2. “Advanced manufacturing” **includes** any of the following:
 - a. Systems that result from substantive advancement, whether incremental or breakthrough, beyond the current industry standard, in the production of materials and products. These advancements include improvements in manufacturing processes and systems that are often referred to as “smart” or “intelligent” manufacturing systems, which integrate computational predictability and operational efficiency.
 - b. Sustainable manufacturing
 - i. Sustainable manufacturing systems and manufacturing technologies that minimize the use of resources while maintaining or improving cost and performance.
 - ii. Sustainable manufacturing systems and manufacturing technologies **do not include** those required to be undertaken pursuant to state or federal law or regulations, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents.

B. Advanced Transportation Technologies

1. “Advanced transportation technologies” means emerging commercially competitive transportation-related technologies identified by the authority as capable of creating long-term, high value-added jobs for Californians while enhancing the state’s commitment to energy conservation, pollution and greenhouse gas emissions reduction, and transportation efficiency.
2. “Advanced transportation technologies” **does not include** those projects required to be undertaken pursuant to state or federal law or regulations, air district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents. The

¹ All defined terms have the meaning set forth in the California Code of Regulations, Title 4, Division 13.

State Air Resources Board shall advise the authority regarding projects that are excluded pursuant to this subparagraph.

C. Alternative Sources

1. "Alternative sources" means devices or technologies used for a renewable electrical generation facility, as defined in paragraph (1) of subdivision (a) of Section 25741, a combined heat and power system, as defined in Section 2840.2 of the Public Utilities Code, distributed generation and energy storage technologies eligible under the self-generation incentive program pursuant to Section 379.6 of the Public Utilities Code, as determined by the Public Utilities Commission, or a facility designed for the production of renewable fuels, the efficient use of which reduce the use of fossil or nuclear fuels, and energy efficiency devices or technologies that reduce the need for new electric generation and reduce emissions of toxic and criteria pollutants and greenhouse gases.
2. "Alternative sources" **does not include** a hydroelectric facility that does not meet state laws pertaining to the control, appropriation, use, and distribution of water, including, but not limited to, the obtaining of applicable licenses and permits.

D. Facility

1. "Facility" or "Facilities" means a design, manufacturing, production, or assembly facility that includes or will include tangible personal property utilized for the design, manufacture, production, or assembly of Advanced Manufacturing, Advanced Transportation Technologies or Alternative Source products, components, or systems, or a facility that includes or will include tangible personal property that 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. Facilities involving more than one location may be combined in a single Application, provided the locations are part of a single process. Where facilities at multiple locations are performing the same or substantially similar operations they will require separate Applications.

E. Project

1. "Project" means tangible personal property if at least 50% 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.

F. Qualified Property

1. "Qualified Property" means the tangible personal property identified in the Application or Regulatory Agreement to be purchased for use in the Facility 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 Transportation Technologies, or Alternative Source products, components, or systems or utilized in an Advanced Manufacturing process.
2. Generally, Qualified Property **includes** manufacturing machinery and equipment, including component parts and repair and replacement parts with an estimated useful lifespan of over one year, as well as information technology used to operate or control the machinery and equipment. Qualified purchases may also include tangible personal property required for infrastructure improvements to the manufacturing facility, such as foundation, reinforcement, piping, and fire safety.

G. Recycled Feedstock

1. "Recycled Feedstock" means materials that would otherwise be destined for disposal, having completed their intended end use and product lifecycle.
2. To qualify as a recycling Project, the tangible personal property purchased for the Project must be used at least 50% of the time 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.
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.

IV. Application Submission

- A. **All Application documents (Part A and Part B)** must be submitted electronically by the due date via e-mail to CAEATFA@treasurer.ca.gov.
- B. **Due Date:** The due date for **initial round is January 30, 2025**.
 1. Additional Application periods may be released based on availability of STE. Deadlines may be found [here on the Notice of Application Periods](#).
- C. **Application Fee:** The Application Fee must be received at the CAEATFA office within **five (5) business days** of submission of the electronic version of the Application.

Mail: If mailing in a check, make Application Fee payable to:

CAEATFA
901 P Street, Room 411A
Sacramento, CA 95814

Electronic: For greater convenience and to ensure timely receipt, the Application Fee may be submitted electronically via wire transfer or ACH payment.

Please request for the electronic bank information upon Application submission.

- D. **Application Review:** CAEATFA staff will not begin the review process until it receives ALL completed components of the Application package.
 - 1. The complete Application Package includes Part A, Part B, AND the Application Fee.
- E. **Incomplete Information:** If you do not have information for one or more required items, please state in your Application why and when you expect to submit those items.
- F. **CAEATFA Needs Additional Information:** In the event the Authority asks an Applicant for additional information or requests clarification of errors, the Applicant shall be given up to three (3) business days from the date of receipt of notification to provide the additional information without redetermining the date of receipt.
- G. **Incomplete Application:** If your Application is not complete, the Applicant may correct any deficiency and resubmit the Application, with the date of Application submission determined based on the date the Authority receives the resubmitted Application.
- H. **Application Information Assistance:**
 - 1. [CAEATFA website](#)
 - 2. Xee Moua, STE Program Manager at (916) 653-3303 or via email at xmoua@sto.ca.gov
 - 3. Calling (916) 651-8157.

V. Application Checklist

Please use this checklist to double-check your electronic Application submission.

Part A

- Applicant Information
- Sales and Use Tax Exclusion Request
- Project Narrative (may attach separate document)
- Legal Status Questionnaire (attach supplemental information, if necessary)
- Trade Secrets and Confidential Information (attach separate document, if applicable)
- Survey Questions
- Demographic Survey (VOLUNTARY)
- Applicant Certification

Application Fee

Application Fee Waiver Documentation (if applicable): Documentation that the Project was forced to rebuild or relocate due to a fire, flood, storm, or earthquake

identified in a state of emergency proclamation made by the California State
Governor within two years of the time of application.
Part B – Excel Workbook
