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## California Sales Tax Exemption for Renewable Energy Equipment

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SB 71, which was passed by the Senate on March 22 and signed by Governor Schwarzenegger on March 25, 2010, excludes from California sales tax the purchase of equipment used to manufacture products to generate energy from alternative sources, such as solar, wind and biomass. The California Alternative Energy and Advance Transportation Financing Authority (the "Authority") will administer the credit by evaluating applications for exclusions. The exemption would also apply for the purchase of tangible personal property used for the design, manufacture, production or assembly of advanced transportation technologies. This includes emerging commercially competitive transportation related technologies identified by the Authority, including, but not limited to: (1) intelligent vehicle highway systems; (2) advance telecommunications for transportation; (3) command, control and communications for public transit vehicles and systems; (4) electric vehicles and ultra-low emission vehicles; (5) high-speed rail and magnetic levitation passenger systems; and (6) fuel cells.

SB 71 further requires that the Authority evaluate project applications for sales tax exclusions based on the extent to which the project (a) develops manufacturing facilities or produces equipment in California; (b) creates benefits that equal or exceed the benefits to the project applicant and other participants; (c) creates permanent jobs in California; (d) results in reduction in greenhouse gases or water pollution, and increase in energy efficiency or production in energy consumption beyond requirements set by state or federal law; (e) reduces unemployment existing in the area in which the proposed project is to be located; and (f) meets any other factors the Authority deems appropriate.

For this purpose, a "project" includes land, building, improvement, machinery and equipment that utilizes or is designated to utilize an alternative source, or that is utilized for the design, technology transfer, manufacture, production, assembly, distribution or service of advance transportation technologies or an arrangement for the purchase, including the prepayment, or sale of energy derived from alternative sources (such as solar, biomass, wind, geothermal, hydroelectricity under 30 megawatts, or other sources of energy which reduce the use of fossil and nuclear fuels).

*If you would like more information on SB 71, please contact Phil Jelsma at 619.699.2565 or [pjelsma@luce.com](mailto:pjelsma@luce.com).*