

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

*Request to Approve Project for a Sales and Use Tax Exclusion<sup>1</sup>*

**Mariposa Bioenergy LLC  
Application No. 23-SM023**

**Tuesday, July 18, 2023**

Prepared By: *Katrina Walters-White, Program Analyst*

**SUMMARY**

**Applicant** – Mariposa Bioenergy LLC

**Location** – Mariposa, Mariposa County

**Industry** – Biomass Processing and Fuel Production

**Project** – New Biomass Processing and Fuel Production Facility (Alternative Source)

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount <sup>2</sup>
\$18,970,000	\$1,585,892

Estimated Net Benefit <sup>3</sup>	Dollar Value	Points Earned <sup>4</sup>
Estimated Fiscal Benefits	\$1,858,583	1,172
Estimated Environmental Benefits	\$3,544,953	2,235
Additional Benefits	N/A	58
<b>Total</b>	<b>\$5,403,536</b>	<b>3,465</b>
<b>Estimated Quantifiable Net Benefit</b>	\$3,817,643	

**Competitive Criteria Score** – 148

**Staff Recommendation** – Approval

---

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

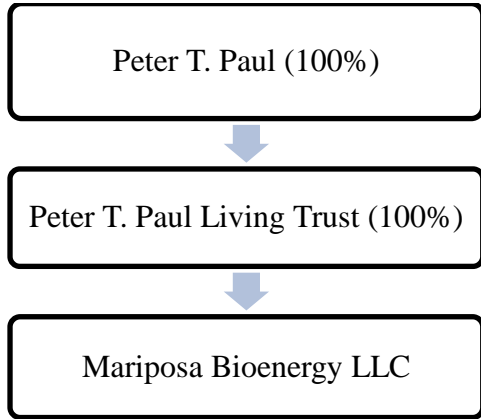
<sup>2</sup> This amount is calculated based on the average statewide sales tax rate of 8.36%.

<sup>3</sup> 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).)

**THE APPLICANT**

Mariposa Bioenergy LLC (the “Applicant”) is a California limited liability company that formed in 2022 and headquartered in Petaluma. The Applicant has been negotiating contracts for local feedstock with ArborWorks LLC and Double Tree Forest Management.

The ownership structure of the Applicant is as follows:



The company officers of the Applicant are:

Peter T. Paul, Trustee  
Kristen R. Decker, Authorized Signer

**THE PROJECT**

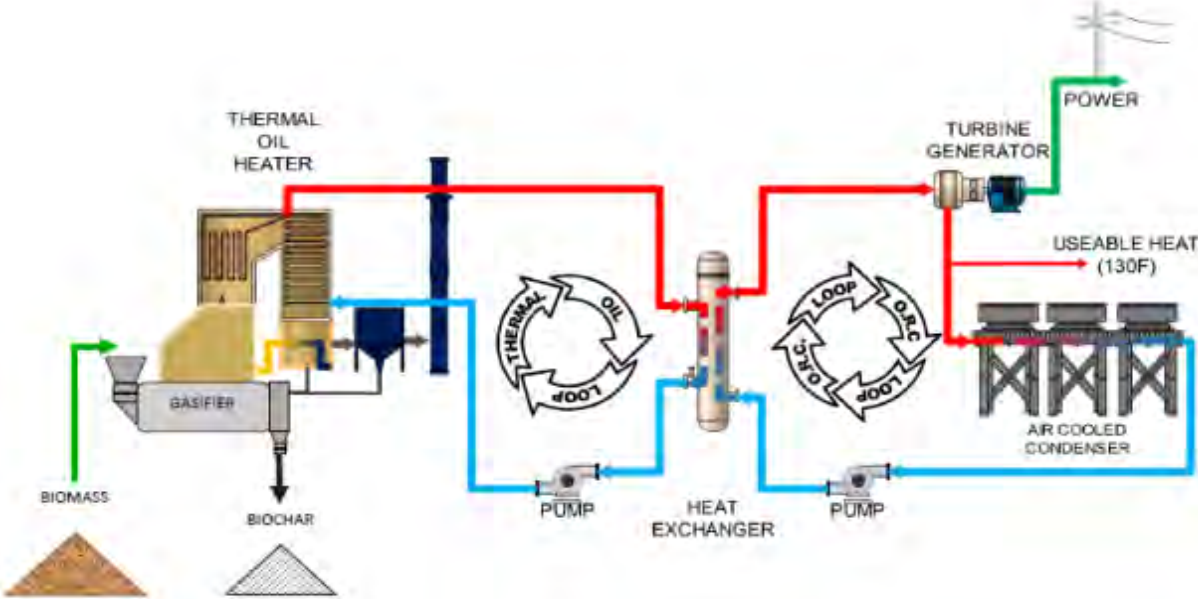
The Applicant is requesting a sales and use tax exclusion (“STE”) award to build a new bioenergy facility that will convert raw forest biomass into a renewable gas in Mariposa (the “Project”). According to the Applicant, the facility will process approximately 32,000 tons of residual woody biomass per year that would otherwise be piled and burned or left to decay. The gasification of such feedstock will create a renewable gaseous fuel (termed producer gas). Upon completion, the Applicant states the producer gas will be used to generate electricity and offset the need for fossil-fuel produced electricity, which will be exported to Pacific Gas & Electric (“PG&E”).

As a byproduct of the gasification process, the Project will produce biochar. Per the Applicant, biochar can be used as a soil amendment or for filtration media. The Applicant also states biochar can enhance the biological productivity in soil and increase water- and fertilizer-holding capacity, which in turn provides crop nutrition and improved plant growth.

The Applicant anticipates the Qualified Property purchased for the Project will be used to manufacture producer gas; consistent with STE Program regulations,<sup>5</sup> the Qualified Property also includes a portion of the power generation equipment used to power the facility for production purposes. The Project’s equipment will consume approximately 17% of the total amount of available energy generated from producer gas combustion; therefore, 17% of the

<sup>5</sup> California Code of Regulations Title 4, Division 13, Section 10031(x)

power generation equipment is eligible for a sales and use tax exclusion. However, 83% of the power generation equipment is not included in this Application, as it represents the proportion of available energy in the form of electricity that will be sold to PG&E.



*Figure 1: Biomass Cogeneration Plant Process Flow Diagram*

**ANTICIPATED COSTS OF QUALIFIED PROPERTY**

The anticipated Qualified Property purchases are listed below:

Biomass Unloading, Storage and Conveyance	\$3,740,000
Gasifier and Integrated Thermal Oil Heater	\$5,200,000
Organic Rankine Cycle Generator	\$1,120,000
Biochar Hopper and Conveyance	\$450,000
Flue Gas Cleanup Hardware	\$1,800,000
Structures	\$2,170,000
Base of Plant Equipment (Electrical, Plumbing, and Insulation)	\$4,490,000
<b>Total</b>	<b><u>\$18,970,000</u></b>

*Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. At the termination of 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 plans to begin site construction in July 2023. Following that, the procurement of major equipment and related engineering will begin. The Applicant states the Project is expected to conclude with a placed-in-service date of June 2025.

**STATUS OF PERMITS/OTHER REQUIRED APPROVALS**

The Applicant states it has acquired its conditional use permit in July of 2018. Grading and air permits and the PG&E Interconnection Agreement are still pending and should be finalized by August of 2023. The building permit will be secured in September 2023.

**COMPETITIVE CRITERIA SCORE**

The Applicant received 148 Competitive Criteria points as follows:

1. **Environmental Benefits (100 of 100 points)**. The Application has a Project that produces an Alternative Source product, component, or system, and, therefore, 100 points are awarded.
2. **Unemployment (13 of 50 points)**. The Applicant’s Project is located in Mariposa County, which has an average annual unemployment rate of 4.9%.<sup>6</sup> When compared to the statewide average annual unemployment rate of 4.3%, the Project location earned the Applicant 13 points.
3. **Job Creation (20 of 75 points)**. The Applicant anticipates the Project will support a total of 10 production-related jobs at its Facility. CAEATFA estimates that approximately 1.27 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 20 points.
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 Facility 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.

---

<sup>6</sup> Unemployment rates are based on data available in October 2022.

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 in an Emerging Strategic Industry, and, therefore, zero points are awarded.

## **PROJECT EVALUATION**

### **PROJECT BENEFITS**

The Project received a Total Score of 3,465 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 2,235 points, which exceeds the 20-point threshold.

- A. **Fiscal Benefits (1,172 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 \$1,858,583 resulting in a Fiscal Benefits score of 1,172.
- B. **Environmental Benefits (2,235 points)**. The Project is anticipated to result in \$3,544,953 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 2,235 points. These benefits derive from the production of renewable gas, which offsets the need for the use of fossil methane.
- C. **Additional Benefits (58 points)**. Applicants may earn additional points for their Total Score. The Applicant received 58 additional points.
  1. **Production Jobs (20 of 75 points)**. The Applicant anticipates the Project will support a total of 10 production-related jobs at its Facility. CAEATFA estimates that approximately 1.27 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 20 points.
  2. **Construction Jobs (0 of 75 points)**. The Applicant anticipates the Project will support a total of five construction jobs at its Facility. CAEATFA estimates that approximately .71 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 (13 of 50 points)**. The Applicant’s Project is located in Mariposa County, which has an average annual unemployment rate of 4.9%.

When compared to the statewide average annual unemployment rate of 4.3%, the Project location earned the Applicant 13 points.

4. **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, and paid leave benefits 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,<sup>7</sup> the Applicant has paid CAEATFA an Application Fee of \$9,485 and will pay CAEATFA an Administrative Fee of up to \$75,880.

### **RECOMMENDATION**

Staff recommends the approval of Resolution No. 23-SM023-01 for Mariposa Bioenergy LLC’s purchase of qualifying tangible personal property in an amount not to exceed \$18,970,000 anticipated to result in an approximate STE value of \$1,585,892.

---

<sup>7</sup> California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A  
REGULATORY AGREEMENT WITH MARIPOSA BIOENERGY LLC**

**July 18, 2023**

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Mariposa Bioenergy LLC** (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 \$18,970,000 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

**Agenda Item – 4.A.7**  
**Resolution No. 23-SM023-01**

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.