

Wednesday, 03/24/2010

## Governor Signs Green Tech Manufacturing Equipment Sales Tax Exemption Bill



### **MR. SAGER:**

Hello, everybody. I'd like to warmly welcome you to Nanosolar's corporate headquarters and the site of our solar cell manufacturing facility. My name is Brian Sager, and I'm the founder of Nanosolar.

First, I'd like to start by thanking the leadership of our governor and the California Assembly and Senate for supporting the emergence of clean technology businesses such as ours and clean technology job growth in California. In particular, we are especially thankful to Governor Schwarzenegger for his leadership and vision on SB 71 and for the support of Secretary Bradshaw, Assembly Speaker Pérez, Assemblymember Blakeslee, Senator Padilla, Senator Maldonado and Senator Alquist as well as for the steadfast support of San Jose Mayor Reed and San Jose Councilmember Kalra. And I would like to thank the coalition of businesses that supported the Governor on this initiative.

The SB 71 sales tax exemption will help us save tens of millions of dollars as we build out our manufacturing operations, allowing Nanosolar to remain in California where we plan to substantially expand our solar cell factory and to grow jobs which support our state economy. Three of our five largest customers are also headquartered in California and have plans to build solar power plants here in our home state.

In San Jose, Nanosolar prints electronic semiconductor ink onto rolls of metal foil. We employ hundreds of highly skilled and highly trained workers, both engineers and manufacturing operators and we are rapidly growing. In addition, installation of our solar panels results in many hundreds of downstream jobs. California deployments of our panels require a local physical presence, so such downstream jobs cannot be outsourced. Installed in utility-scale, free-field solar power plants, Nanosolar panels have the potential to enable power production that is competitive with fossil fuel energy sources such as coal but with a vastly reduced carbon footprint.

We support California in reducing greenhouse gases, making our air cleaner and providing both inexpensive renewable energy and skilled jobs for a clean economy. Governor Schwarzenegger's clear leadership and strong vision, combined with the California Senate and Assembly's commitment to keeping manufacturing such as ours in the state, is opening up new opportunities for Californians and enabling California to lead the world not only in developing but also in manufacturing renewable energy products.

With the signing and implementation of SB 71, clean technology companies such as ours will be able to stay in California, further expand here where we can grow our economy and lead the world in renewable energy.

Thank you, Governor Schwarzenegger, for all your leadership and for your tireless work for California-based companies such as ours.

And now it is my pleasure and my honor to introduce Governor Schwarzenegger. (Applause)

**GOVERNOR SCHWARZENEGGER:**

Well, thank you very much, Brian, for the wonderful introduction and also for having us here at Nanosolar; what a great company. And thank you for that great tour that you took us on. Now I know exactly how Nanosolar is being produced, every step of the way. So I understand now why you have so many patents here and why you're such a leading, leading company. So it's great to have you here and host this press event.

And I want to thank also all the others that are here today. I'm not going to mention every single one -- I think you have heard that already -- but some of the ones that I've written down on my card here. For instance, Speaker Pérez, I want to thank you for being here today and showing such great interest. Every time I talk to you -- I think it comes from maybe your background. When I talk about job creation your eyes light up and you show great passion, so it's great to have you here. And Assemblyman Blakeslee, of course, another great partner of mine. Senator Padilla -- I mean, you're doing all my bills. This is really great to have you be here and part of this bill signing, because you've done a lot of work. Mayor Chuck Reed, who was a big supporter, thank you very much. And Secretary Vickie Bradshaw -- where's Vickie? She's hiding behind those big shoulders there. Thank you very much. And then John Boesel, CEO of CALSTART and then Geoff Tate, CEO of Nanosolar and Jim -- oh, Jim Wunderman didn't make it? OK, so he has a stand-in, that's what we call it in the movies. (Laughter)

But then we have also Senator Maldonado here, who came in late but he's here. I know this must be tough, to do all this work and the farming at the same time. (Laughter) But anyway, I'm excited about this today because, you know, as you probably know and the press knows, that I've been going up and down the state talking about job creation and how important it is that we pass legislation to stimulate the economy and create jobs here in California. As a matter of fact, it's wonderful when you see all of the legislators come together, Democrats and Republicans and believe in this job creation and they know how

important it is for people to get jobs. So you have both of those parties represented. And I promised the people of California in my State of the State that my number one priority is jobs, jobs, jobs and so today we are acting on that and we are signing this very important legislation and we are celebrating that also.

And I also introduced the Job Package to make it easier for businesses to expand and to hire here in California because so many times, you know, the businesses in California, especially in green technology, they talk about expanding but they talk about sometimes expanding outside the state and we don't want that. We don't want anyone to expand outside the state of California. We want to expand here and we want to create the jobs here.

Now, one piece of my job proposal was to exempt green technology manufacturing equipment from the sales tax. This bill, Senate Bill 71, will do exactly that. Right now California is one of only three states that tax manufacturing equipment and also other manufacturing equipment, not just green technology manufacturing equipment. But we are going to go and expand on that, of what we are doing here today. So we are very excited that we are now exempting that and that we are helping companies that deal with green technology manufacturing equipment.

Nanosolar, they're doing terrific work here in the Valley and they have been a leading company here in California and, of course, they are thinking about expanding and hiring more people. So this, as I've just heard, will make them expand right here in California and create jobs here. The important thing is for us that Nanosolar invests more in equipment. And this is what is so important here, that they save millions and millions of dollars, as you have told me, because of this tax bill and this exemption. SB 71 will send a clear message to every CEO and every entrepreneur and innovator that if you invest in the clean future of California, then California will invest in you.

I want to thank, of course, the people that are responsible for getting those bills here. It's not just one person. The Governor always makes recommendations but then the big work goes on in the legislature. They have then the debates over it and look at every little detail of this so we can move the legislation forward. I want to thank Senator Padilla for the great work that he has done, Senator Alquist, Senator Strickland. I also want to thank Treasurer Lockyer for the great work that he has done in helping us with this. Speaker Pérez, again thank you so much for ushering it through and believing in it. Assemblyman Blakeslee, thank you again and also Senator Maldonado.

And there are so many other legislators that couldn't make it here because they're working right now in Sacramento but we want to thank all of them that have been working on this. This bill represents the type of cooperation between Democrats and Republicans that the California people want to see every day in Sacramento. They expect this of us.

Now let me just talk a little bit about the awesome potential that green jobs and the green economy have here in California, because we hear so many times also the skeptics. In 2009, while a terrible recession strangled the economy around the world, clean energy was the one bright spot, not just in California but around the world. Last year, for instance, more than \$60 billion were spent around the globe on wind farms. This is an increase of 24 percent from 2008. Now, the global biofuel market rose by 30 percent to \$45 billion.

And look at what's happening here in California. Since 2005 green jobs in California have grown 10 times faster than in any other industry. We lead the nation in clean energy businesses by more than 10,000 and we attract more venture capital here than the rest of the nation combined; 57 percent of our venture capital from the United States comes right here to California.

Three decades ago it was the aerospace industry that propelled and powered California's economy. Then it was, of course, the computer industry. And clean technology is the next wave of innovation that will wash over our state and that's why the Wall Street Journal calls it "The New Gold Rush," and we like to hear that.

This legislation will be a big, big help here. However, today it's just the start of our job creation efforts. Tomorrow I will be signing an extension of the Homebuyer Tax Credit, which is another area that's very important, because if we help our homebuyers then they'll buy more homes. And when you buy more homes then you have build more homes and when you build more homes that means that jobs are created for electricians, for the cement workers, for carpenters, for plumbers, for everybody. So this is again one way of creating more jobs in California, because like I always said, we are the eighth largest economy in the world and it would be crazy for us to sit back and to wait for the world economy to come back. No, we have to create the action also.

Now, before closing I just want to give a brief update on California's economic outlook. On a positive note -- because we hear so many times when you turn on the television, you hear about the gloom and doom -- but the reality is there's also a positive side to all of this. There is a comeback. I think the ball has bounced and we see a comeback economically. We see, for instance, all kinds of signs -- like in the car sales, we see car sales going up. We see our revenues, our state revenues, go up. We are now \$2 billion ahead of what our projections were. We hope that continues this way. Home prices are firming and home sales are going up. Export trends we see going up.

So there are many different areas where we see things are going up. Just this morning, UCLA Anderson Forecast said that the conditions in California are ripe for job creation, for job growth, so we are very happy. And they are usually always on the pessimistic side with their outlook but we like this good news.

So it is all about job creation. Like I said in my State of the State, "Jobs, jobs, jobs." We're happy that we are signing this bill. So as soon as everyone is through with their speaking we will create the action and sign those bills.

Thank you very much. And now I would like to have Senator Padilla come out and say a few words. Please welcome him. (Applause)

**SENATOR PADILLA:**

Thank you very much. Thank you, Mr. Governor. A lot of people are asking why I'm doing all the Governor's bills. There are even more people wondering why he's signing all my bills. (Laughter) And it comes from working together -- it comes from working together and that's the point. I'm actually not only proud to be here as the author of SB 71, one of the joint authors of SB 71 but really on behalf of the 900,000 people that I represent in my district in the San Fernando Valley, well more than 60,000 of whom are unemployed. The economy and unemployment has hit every corner of the state and as the Governor has said, we can, we must, do everything we can to turn the economy around and get people back to work. So I was proud to author SB 71 but I was first approached by the administration.

And I believe, while we first introduced it in an extraordinary session, what we accomplished was indeed extraordinary. We did what people say can't happen in Sacramento. We did what people say doesn't happen often enough in Sacramento. We acted swiftly. In just over seven weeks from introduction this bill went through the legislature, went through all those committees and is on the verge of being signed. We acted on a bipartisan basis, Republican and Democratic votes, Republican and Democratic sponsorship of the bill. And we acted in a way that does not pit the environment against the economy. Too

often people think that one has to conflict with the other and that's not the case. We have a certain synergy that we're celebrating today and government, indeed, has a big role to play to help stimulate the economy.

So I will leave it at that, because we're here to see a signature on these bills. But the message is clear. The message to Californians and the message to the business community: Come to California, locate in California, expand in California, because the future is California.

I want to thank my colleagues, particularly Senators Tony Strickland and Senator Alquist, the joint authors of the bill.

But it's now my honor and privilege to introduce the next speaker, the Speaker of the California State Assembly, who many people know comes from a labor background. But if you take a close look at his bio you also see involvement with the California League of Conservation Voters, environmental stewardship, former board member of the Los Angeles Economic Development Corporation. Job stimulus, stewardship -- it doesn't have to conflict. Indeed, the way forward is when they all work together. Please welcome Assembly Speaker John Pérez. (Applause)

### **SPEAKER PÉREZ:**

Thank you. Good afternoon. I'm pleased to be here as the Governor signs this important bipartisan measure that will both spur economic development and start putting Californians back to work. I want to thank Governor Schwarzenegger and Senator Padilla in particular for all the hard work in producing this measure.

California is clearly still suffering from the effects of our recession. The unemployment rate is still too high. And as I said when I was sworn into office as speaker a few weeks ago, our absolute number one priority at every level of government must be getting Californians back to work.

This measure will help do exactly that by providing incentives to manufacture green products here in California, we're accomplishing two critical goals.

First, we're creating well-paying high quality jobs for our workforce,

And second, we're spurring the development of one of the growth industries of the 21st century.

I'm extremely proud of the legislature for working together on a bipartisan basis to enact this bill into law and I want to thank the Governor and Senator Padilla for their leadership on this issue. I consider this to be a down payment on the kind of policies the legislature needs to enact on a bipartisan basis to start putting Californians back to work and I'm confident that Democrats and Republicans can come together to meet this enormous challenge together. Thank you.

With that I'd like to bring up Assemblymember Sam Blakeslee, who played a very critical role in getting this legislation passed and had previous legislation that had worked to achieve this same outcome. Assemblymember Blakeslee. (Applause)

### **ASSEMBLYMEMBER BLAKESLEE:**

It's been a long journey to this day. Three years ago a team of legislators gathered to begin asking the question, what can we do to not only be the greenest state among the 50 in our union with a Renewable Portfolio Standard, a Million Solar Roof program and ambitious goals to reduce greenhouse gas emissions

but what can we do not simply to clean our economy but to find ourselves in a position where we become the engine for future growth?

And we came down to San Jose and the Silicon Valley, began speaking to CEOs and engineers and technologists about what that path would look like. What we heard over and over again is that many of the great ideas that were originating in California were going to Nevada, they're going to Tennessee, they're going to Texas, they're going to China. And they were leaving at these phenomenal rates, which was really a great cost to all of us, because if we're going to essentially drive these new policies which are going to transform our hydrocarbon-based society into one that's cleaner and greener, we should also benefit from it in terms of head-of-household jobs and economic prosperity. And the advice we got was that we needed to look at some of these issues with the tax code where we were the only state, other than two others -- 47 other states had a way to incent the kind of jobs that are happening right here, right now, in San Jose.

So this is a very exciting day for me because it's not just about dealing with the fact that we're in the midst of a recession with 12.5 percent unemployment, because these are the right ideas regardless, because these are ideas about the future and how we transform this economy into the 21st century economy that will revolutionize how energy is produced, how we move people and goods around and how ultimately we provide jobs for our families.

So I want to praise the Governor for his leadership on this, Senator Padilla for his hard work, for Speaker Pérez and his effort these last weeks, in particular with the heavy lift to get it across the line and everyone here. But most of all I want to thank the scientists, engineers, technologists, entrepreneurs who are actually doing the work that makes this possible.

With that I'd like to also introduce someone who has worked very hard and represented all of you very ably, Mayor Chuck Reed. (Applause)

**MAYOR REED:**

Thank you. This is a big day in San Jose, it's a big day in Silicon Valley and it's a big day in California because we're going to be able to keep the clean tech jobs that are created in California. We're going to keep them in California so they don't go to other states and other countries.

In 2009, the city of San Jose's clean tech legislative agenda identified, after talking to Silicon Valley companies, identified this tax on manufacturing equipment investment as one of the huge disincentives to invest in California. And it was a little over -- well, not quite a year ago when Brain Sager and I made a trip together to Sacramento to testify on a bill being carried by Senator Alquist that would deal with this.

We thought the bill was dead. But the Governor, Senator Padilla, Senator Alquist and the legislature decided we want to keep these jobs in California and we need to do something about this huge disincentive. The bill got carried seven weeks. It's amazing, I'm amazed that we got it passed and it is a really big deal to see the -- whether you call it bipartisanship, cooperation, post-partisanship -- I don't really care. We see the results.

What happened in the legislature is a wonderful thing for California and we're really excited to have this factory in San Jose -- this is just one of the many clean-tech factories that will be in California employing hundreds and thousands of jobs, because our people need work, this technology is here, it's going to sprout here, it's growing here.

The only question is, will we keep it in California? And the answer from the Governor and the legislature is yes, we're going to keep it in California. And for that the people of San Jose say thank you, the people of California say thank you. Keep up the good work. (Applause)

Sorry, I need to introduce John Boesel, who is the CEO of CALSTART. (Applause)

**MR. BOESEL:**

Thank you, Mr. Mayor. My name is John Boesel, the president and CEO of CALSTART. Our organization's mission is to see the clean transportation technology industry grow as fast as it can. We have 120 member companies who represent a wide array of clean vehicle, fuel and technology companies and they are very glad that Senate Bill 71 will become law today.

California, particularly under this governor, has been a world leader in terms of policies to reduce greenhouse gas emissions, improve air quality and reduce dependence on oil. With the passage of this bill today we now have a chance to become a world leader in terms of clean transportation technology job creation.

Prior to this legislation companies would develop a list of pros and cons about manufacturing in California. The one con I heard over and over again was the one that was easy to quantify and stood out like a sore thumb; the state sales tax on manufacturing equipment. With the passage of SB 71 that one major con is gone. In the clean transportation technology segment alone this bill will help create thousands of jobs.

Here are some examples of where I see job creation occurring as a result of this bill:

- Next generation renewable fuel companies like Solazyme, Cobalt Biofuels, LS9, Codexis and Amyris are now likely to build pilot plants in California and eventually build production plants that will produce millions of barrels of low-carbon fuels per year.
- California is currently home to 12 different manufacturers of plug-in and hybrid vehicles ranging from electric bikes to buses. Each of these manufacturers will now be encouraged to invest more in California and hire more workers. Tesla, the electric vehicle manufacturer, has already cited this sales tax exemption as a key reason why they are building facilities here in California and here in San Jose.
- California will be the first and largest market for plug-in vehicles. As a result, the leading companies developing the latest recharging technology like AeroVironment, Better Place, Clipper Creek and Coulomb are all based in this state. They will now be encouraged to manufacture their products here in California.

I really want to thank Governor Schwarzenegger, Speaker Pérez, President pro Tem Steinberg, Senator Padilla and Assemblyman Blakeslee for their leadership on this issue. It is fantastic to see what good bipartisan cooperation can do. With the passage of this bill they are saying not only is California going to be a leader in terms of climate policy and air quality, they are saying the state is serious about clean energy, job creation and retention and putting Californians back to work. On behalf of the entire CALSTART membership, I want to thank you for your courage, leadership and ability to reach across party lines and work together.

Now it's my pleasure to encourage the signing of the bill. (Laughter, applause)

**SECRETARY BRADSHAW:**

The Governor will be signing five copies of this terrific bill and the first one will be going to Senator Padilla.

**GOVERNOR SCHWARZENEGGER:**

For Senator Padilla, please. Thank you very much. Thank you.

**SENATOR PADILLA:**

I'll send you three more. (Laughter)

**SECRETARY BRADSHAW:**

The second copy will be going to Speaker Pérez.

**GOVERNOR SCHWARZENEGGER:**

Thank you for your work. Thank you. I'll let you know if they'll let him send you any more. (Laughter)

**SECRETARY BRADSHAW:**

The third bill will be going to Assemblymember Blakeslee.

**GOVERNOR SCHWARZENEGGER:**

All right. (Laughter)

**ASSEMBLYMEMBER BLAKESLEE:**

Thank you, Governor. Thank you very much. (Laughter)

**GOVERNOR SCHWARZENEGGER:**

Absolutely.

**ASSEMBLYMEMBER BLAKESLEE:**

Wow.

**GOVERNOR SCHWARZENEGGER:**

Why don't you stand behind me for the photo-op? (Laughter) (Inaudible)

**SECRETARY BRADSHAW:**

The fourth copy will be going to Mayor Reed.

**GOVERNOR SCHWARZENEGGER:**



Mayor, thank you very much.

**MAYOR REED:**

Thank you, Governor.

**GOVERNOR SCHWARZENEGGER:**

Thank you.

**SECRETARY BRADSHAW:**

And the fifth copy will be going to Brian Sager.

**MR. SAGER:**

Thank you.

**SECRETARY BRADSHAW:**

Congratulations, everyone. (Applause)

**GOVERNOR SCHWARZENEGGER:**

I just want to mention Pat Dando, who I didn't mention earlier. Thank you for being here. Thank you very much, because you have been great at the Chamber, the work that you're doing here in town and being such a great partner. Thank you so much for being here. I also want to just quickly say that there are CEOs in the background -- those are all very, very important people, they all are CEOs of the most extraordinary companies in the world. Each and every one of those companies are producing things that are sold worldwide and that create great jobs. So I want to say thank you to all of you for coming here to this bill signing and let's give them a big, big hand. (Applause) I'm sure you have heard everything, so if there are any questions, please feel free.

**QUESTIONS/ANSWERS:**

**GOVERNOR:** Go ahead, you were the first one raising your hand.

**QUESTION:** There was a poll today that says that 71 percent of Californians disapprove of your leadership. And there was also an incident where a judge in Alameda County says that the furloughs will not stand. Could you comment on both of those?

**GOVERNOR:** Yeah. First of all, I would love to have higher poll numbers but that's just the way it is, you know, when the economy is down. So I'm not that worried about it. I'm doing my job. And the important thing is to go and to bring Democrats and Republicans together and to go and create the jobs that we need, to stimulate the economy, to fix the budget system, to fix the tax system, to fix our prison system and to move forward very aggressively, as we are doing, all together. And so that's what's important to me. We all love to be having higher poll numbers and all of those things but, you know, we cannot pick those numbers. The people do that. So that's number one. Number two, when it comes to -- what was the second question? Was that the furloughs?

**QUESTION:** The furloughs.

**GOVERNOR:** You win a few, you lose a few. As you know, that when we put out the furloughs it was not that something that we brewed up. It's that we have a limited amount of money in the state coffin (sic) and so therefore we have to do those furloughs. The pain has to be shared amongst the state employees the same way as in the private sector. And I think by the end of this fiscal year those furloughs are over. But in the meantime, you know, there will be some judges that will agree with it and some judges that don't agree with it. That's perfectly fine, that's just the way it is. But the fact of the matter is we're going to move forward with our furloughs and we're going to go and save those \$1.4 billion which will be very helpful in order for us to do our budget. OK? Sure. Yeah, please. Right here.

**QUESTION:** Thank you very much. Along those lines, some students from Mr. Maxwell's English class (Inaudible) among thousands of students in Sacramento on Monday, they were rallying against the budget cuts. And they want me to ask you if you heard them on Monday and if there's anything that can be done.

**GOVERNOR:** Yes. I think that it is very important for the students and for everyone that is involved in education and the parents to let their voice be heard, because we proposed in our budget no cuts in Proposition 98, which means that we're going to go and put the same amount of money into education as we did in the previous year, even though we have a \$20 billion deficit. So we want to protect education. So in order for that to stay -- because I'm not the only one that makes decisions, the legislature also makes decisions -- let your voice be heard. Make it loud and clear that you want to protect education, that you don't want to see a decrease in education funding from what was being given last year. That is the important thing. The same is with higher education. We put more money aside for higher education and for community colleges. So we are trying to do everything we can under the very difficult circumstances of a \$20 billion deficit to protect education.

**STAFF:** Last question.

**GOVERNOR:** Yes, please.

**QUESTION:** Governor, in terms of your clean tech jobs, what's your goal in terms of how many jobs will be created as a result of missions like this or other things on your plate?

**GOVERNOR:** Well, you know, there are hundreds of thousands of jobs that can be created. I'll give you an example. We just came back from the Mojave Desert. We tried to have those companies that are standing in line to build solar plants and wind farms in the desert, we want them to speed up that process, that permitting process so the state, the federal government, the locals, the environmentalists, the developers, everyone is working together.

Right now, as we speak, down there in the desert they're all having those meetings to make sure that we get as many companies on line this year, because there's ARRA funding if they break ground this year and if they spend 5 percent of the cost and if they can finish the wind farm, for instance, by 2012 and solar by 2016, then they can go and get these billions of dollars. And every billion dollars that you spend and invest on building anything, it's 18,000 jobs. So if they will all go on line, that would create right off the top 12,000 to 20,000 new jobs.

So this is what we want to do. So we want to go -- green technology is where the action is. We want the whole economy to come back, we want all companies to come back. But right now, I'm telling you that green technology is the biggest producer, if it's in solar, if it is batteries, if it is electric cars, if it is

Solazyme with the biofuel, you know, in every -- today we displayed in front of the Capitol electric motorcycles. They are producing it faster than ever and increasing and creating jobs. So we want to go and pay attention to that. So that's where a lot of the job growth will be.

**QUESTION:** You mentioned the Anderson Forecast and the Anderson forecasters came out and said the opposite, said as far as reducing unemployment in California green jobs aren't going to be the engine that does that.

**GOVERNOR:** Well, as you can see -- you can talk to each one of those CEOs. I mean, we are in the trenches. We go out there and we talk to the companies, we see every day how companies want to expand and how to create more jobs.

And the question is always, do they want to do it outside the state or in state? And this is why we give them the tax incentives and help them along. But this is where the job growth is. I mean, it's all over the state of California. And we are very excited about the job growth in green technology.

So I'm very happy that we passed AB 32, I'm very happy that we passed the Million Solar Initiative, I'm very happy that we passed the Low-Carbon Fuel Standards, that we're building the Hydrogen Highway. California is going in the right direction and California is a leader in protecting the environment and also fighting global warming and also in job creation in green technology. OK?

Thanks very much, thank you all.