

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

Board Meeting Date: Tuesday, June 17, 2025

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Rincell Corporation
Application No. 25-SM012**

Prepared By: *Willy Chen, Program Analyst*

SUMMARY

Applicant: Rincell Corporation

Location: Sacramento, Sacramento County

Industry: Lithium-Ion Battery Manufacturing

Project: New Lithium-Ion Battery Manufacturing Facility (Advanced Transportation)

Project Pool: Small

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount²
\$13,209,100	\$1,120,132

Estimated Net Benefit³	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$1,090,947	974
Estimated Environmental Benefits	\$1,409,436	1,258
Additional Benefits	N/A	212
Total	\$2,500,383	2,444
Estimated Quantifiable Net Benefit	\$1,380,251	N/A

Competitive Criteria Score: 235

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 8.48%.

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).)

THE APPLICANT

Headquartered in San Francisco, Rincell Corporation (the “Applicant”) formed in Delaware as a corporation in 2023. The Applicant develops and manufactures advanced chemistry lithium-ion batteries for a range of applications including electric vehicles, unmanned aerial vehicles, drones, data centers, and stationary energy storage systems.

The Applicant received a \$3 million Realizing Accelerated Manufacturing and Production for Clean Energy Technologies grant from the California Energy Commission on July 25, 2024, to support the development and scaling of its advanced battery manufacturing capabilities in California.

In addition, the Applicant received a \$2 million award from the U.S. Army in December 2024 to support the development of ultra-high energy 18650 battery cells tailored to meet tactical power requirements for defense applications.

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

- Jignesh Parikh, CEO (70%)
- Next Gen Battery Chem Ventures (10%)

The corporate officers of the Applicant are:

- Jignesh Parikh, Chief Executive Officer
- Jagjit Nanda, Chief Scientific Officer
- Lasantha Korala, Chief Technology Officer
- Christopher Kompella, Vice President Battery Engineering

THE PROJECT

Rincell Corporation requests a sales and use tax exclusion (“STE”) award to build a new lithium-ion batteries manufacturing facility (the “Project”). According to the Applicant, the Project facility is currently contemplated for either Sacramento, Folsom, or the Bay area, with Sacramento being the preferred site. The Applicant aims to produce two types of silicon anode lithium-ion batteries, the 4.1Ah 18650 and 5,8Ah 21700.

The Project will establish a state-of-the-art, energy-efficient manufacturing site equipped with advanced automation and quality control systems to ensure world-class productivity and product consistency. At full capacity, the Applicant expects the facility to produce approximately 2 million battery cells annually and create high-quality jobs in manufacturing, engineering, and battery research. The Applicant states that the Project will support California’s clean energy goals and strengthen domestic supply chains by onshoring the sourcing of key raw materials and components from suppliers based in the U.S. or California whenever possible.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Battery Cell Electrode Manufacturing Line	\$7,193,000
Battery Cell Assembly Line	\$4,097,500
Production Line Conversion Components	\$18,600
Dry Room and Dehumidifiers	\$1,900,000
Total	\$13,209,100

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

According to the Applicant, it is actively working with a commercial real estate company as well as city and county officials on site selection, power requirements, and permitting for its proposed battery cell manufacturing facility in Sacramento. The Applicant plans to execute equipment purchase orders for the Sacramento production line in April 2025 and complete property acquisition, permitting, and construction by September 2025. Installation and commissioning of the production equipment is expected by December 2025, at which point the Applicant anticipates producing A-samples that meet key performance and safety objectives.

By June 2026, the Applicant plans to complete all required product safety certifications. The Applicant aims to further scale production in December 2026 to achieve a yield exceeding 90 percent. The Applicant states that it plans to purchase and install Qualified Property at the Sacramento facility through the end of 2026 to support these milestones.

Status of Permits/Other Required Approvals

The Applicant anticipates needing permits related to the installation of a dry room, a critical component for lithium-ion battery manufacturing. These permits will primarily involve review and approval from city fire and environmental quality officials. The Applicant is already working with experienced permitting consultants who have supported similar projects in the past to ensure timely submission and approval of all necessary permits. Once the site has been selected, the Applicant expects to obtain permits within three to five months.

COMPETITIVE CRITERIA SCORE

The Applicant received 235 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 (0 of 50 points)**. The Applicant's Project is located in Sacramento County, which has an average annual unemployment rate of 4.9%.⁴ When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant zero points.
3. **Job Creation (45 of 75 points)**. The Applicant anticipates the Project will support a total of 75 production-related jobs at its Facility. CAEATFA estimates that approximately 6.05 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 45 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.
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 (75 of 75 points)**. The Project's industry, lithium battery manufacturing, is in an Emerging Strategic Industry, as defined by CAEATFA, 75 points are awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 2,444 points, which exceeds the required 1,000-point threshold, and includes a total Environmental Benefits Score of 1,258 points, exceeding the 20-point threshold.

⁴ Unemployment rates are based on data available in October 2024.

Agenda Item - Item Number 4.A.2
Resolution No. 25-SM012-01

1. **Fiscal Benefits (974 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 \$1,090,947, resulting in a Fiscal Benefits score of 974.
2. **Environmental Benefits (1,258 points)**. The Project is anticipated to result in \$1,409,436 of total pollution benefits over the life of the Project, resulting in an Environmental Benefits Score of 1,258 points. These benefits derive from the production of lithium batteries for electric vehicles, which offsets the use of fossil fuel.
3. **Additional Benefits (212 points)**. Applicants may earn "Additional Benefits" points in the categories listed below. The Applicant received 212 Additional Benefit points.
 - A. **Production Jobs (45 of 75 points)**. The Applicant anticipates the Project will support a total of 75 production-related jobs at its Facility. CAEATFA estimates that approximately 6.05 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 45 points.
 - B. **Construction Jobs (20 of 75 points)**. The Applicant anticipates the Project will support a total of 10 construction jobs at its Facility. CAEATFA estimates that approximately 0.81 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.
 - C. **Unemployment (0 of 50 points)**. The Applicant's Project is located in Sacramento County, which has an average annual unemployment rate of 4.9%. When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant zero points.
 - D. **Non-CA Environmental Benefits (7 of 40 points)**. The Applicant's total value of out-of-state non-greenhouse gas emissions pollution benefits are valued at \$15,648.52 resulting in a Non-CA Environmental Benefits Score of seven points for the Project.
 - E. **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 lithium battery production.
 - F. **Workforce Partnerships (25 of 25 points)**. The Applicant has a partnership with Laney College, Stanford University, Greater Sacramento Economic Council and Gooru for the purpose of training the workers at the Facility and assisting in the training of potential future workers.

- G. Industry Cluster (25 of 25 points).** The City of Sacramento identified the industry associated with this Application as a strategic cluster for the Project location's region.

- H. Benefits and Fringe Benefits (25 of 25 points).** The Applicant states it provides medical, health, dental, & vision benefits, bonuses, retirement contributions, profit sharing, transportation subsidies, education reimbursement, gym subsidies, employee discounts and paid leave to its employees, earning the Applicant 25 points.

- I. Emerging Strategic Industry (40 of 40 points).** The Project's industry, lithium batteries manufacturing, is in an Emerging Strategic Industry, as defined by CAEATFA, 40 points are awarded.

LEGAL STATUS QUESTIONNAIRE

The Applicant had nothing to report on the Legal Status Questionnaire.

CAEATFA FEES

In accordance with STE Program regulations,⁵ the Applicant has paid CAEATFA an Application Fee of \$6,604.60 and will pay CAEATFA an Administrative Fee of up to \$52,836.40 should the Applicant be approved for an award.

RECOMMENDATION

Staff recommends the approval of Resolution No. 25-SM012-01 for Rincell Corporation's purchase of qualifying tangible personal property in an amount not to exceed \$13,209,100 anticipated to result in an approximate STE value of \$1,120,132. The initial term of the Regulatory Agreement will be for a period of three years, until June 17, 2028, and the remainder shall be for a period of five years, until June 17, 2030, for providing annual compliance reports.

⁵ California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A REGULATORY
AGREEMENT WITH RINCELL CORPORATION**

June 17, 2025

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Rincell Corporation** (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 \$13,209,100 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

Agenda Item - Item Number 4.A.2
Resolution No. 25-SM012-01

changes to the Project as the Authorized Signatories deem appropriate, provided that the amount of the 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

Agenda Item - Item Number 4.A.2
Resolution No. 25-SM012-01

the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.