



May 4, 2017

The Honorable Lorena Gonzalez Fletcher
 Chair, Assembly Appropriations Committee
 California State Assembly
 State Capitol, Room 2114
 Sacramento, CA 95814

Dear Chairwoman Gonzalez Fletcher:

RE: AB 600 (Cooper) Manufacturing: Sales and Use Tax Exemption SUPPORT

The organizations listed below represent California's manufacturing and industrial community from across the state in **STRONG SUPPORT of AB 600**, as amended on May 2, 2017, that encourages manufacturing investment in California by extending the existing partial Sales and Use Tax Exemption (STE) creating a more powerful incentive for manufacturing and R&D investments in California.

AB 600 builds upon the 2013 Governor's Economic Development Initiative (GEDI) to encourage manufacturing investment and job creation in California. Extending the STE provides greater certainty that California is committed to manufacturing industry growth and promotes higher levels of investment.

Manufacturing Creates Good-Paying Jobs and Builds the Middle-Class

California manufacturing is critical to the overall economy because manufacturers create high-paying jobs that help mitigate the growing income inequality that exists in California and helps rebuild the middle-class. In 2016, the average manufacturing wage was \$86,000 annually, well in excess of the state overall average wage of \$62,000. As California attracts more manufacturing jobs to the state, the middle-class grows, communities are strengthened and state tax revenue grows from all sources, so the goal of the Legislature and Governor should be to increase the number of these jobs.

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Certainty

Manufacturers planning to make multi-million dollar investments look ahead as much as 10 years or more and consider several factors, including tax implications, when deciding where to put those dollars to work. **AB 600** provides greater certainty for manufacturers by assuring companies that this investment incentive will be in place through 2027.

Fairness

This bill also provides increased fairness of the partial STE for manufacturing and R&D equipment by eliminating discriminatory treatment of purchases based on how a company accounts for the investment when filing their taxes. **AB 600** promotes fair treatment of manufacturing investments regardless of the income tax filing issues that have no relation to the act of a company to put capital to work in California.

Growing the manufacturing sector will produce benefits for all California with higher wages, creation of more economic opportunity, rebuilding the middle class and the production of manufacturing jobs.

Please contact Michael Shaw of the California Manufacturers & Technology Association (CMTA) at (916) 498-3328 or mshaw@cmta.net.

We respectfully request your **AYE** vote when AB 600 comes before you.

Sincerely,

California Manufacturers & Technology Association
Air Spray USA Inc.
California Business Properties Assoc.
California Cannabis Industry Assoc.
California Construction and Industrial Materials Association
California Metals Coalition
California Steel Industries, Inc.
CalPortland Company
CannaCraft
Caterpillar, Inc.
Chevron
Critical Solutions
Dart Container Corporation
Dow Chemical Company, The
General Mills Inc.
Graphic Packaging International Inc.
Grow Manufacturing Initiative

Hogan Manufacturing, Inc.
Industrial Association of Contra Costa County
Industrial Environmental Association
Intel Corporation
Kimberly-Clark Corporation
Lockheed Martin
Manufacturers Council of the Central Valley
Northern Rural Training and Employment Consortium
Orange County Business Council
Plastics Industry Association
Roplast Industries, Inc.
Searles Valley Minerals
Solar Turbines, Incorporated
Sonoma Lab Works
Transfer Flow, Inc.
Weiss McNair, LLC

cc: Assembly Member Jim Cooper
Members, Assembly Appropriations Committee
Pedro R. Reyes, Chief Consultant, Assembly Appropriations Committee
Jared Yoshiki, Consultant, Assembly Republican Caucus
Michael Martinez, Office of Governor Edmund G. Brown, Jr.