



California Association for Local Economic Development

California Promotes Advanced Manufacturing Through CEQA Streamlining

By: Gurbax Sahota, CALED President and CEO & Dan Carrigg, CALED Consultant

August 23, 2025

The California Association for Local Economic Development (CALED) knows that California's economic developers work hard to help business thrive and expand in our state. Unfortunately, some entrepreneurs and innovators create new businesses, then move the production and quality jobs to other states where they can launch or grow faster. Governor Newsom's recent CEQA exemption for advanced manufacturing is a welcome move to increase our California's competitiveness to keep these projects and jobs here.

As examples, Archer and Joby are two California companies that are leaders in an international race to create electric vertical takeoff and landing (eVTOL) aircraft, offering innovative options for local air travel. But when it comes to production for these innovative companies, despite state and local efforts, California was not sufficiently competitive. Archer recently built a production facility in Georgia, and Joby in Ohio.

But finally, some help is on the horizon. The Governor and legislators recently included advanced manufacturing facilities in a regulatory streamlining bill (SB 131, Ch. 24, Statutes of 2025) that exempted major housing and other projects from the delays, uncertainties and litigation commonly associated with the California Environmental Quality Act (CEQA).

This exemption means that development timelines for advanced manufacturing facilities can match up with other states, and be combined with state incentives, including special financing and sales tax exemptions associated with advanced manufacturing through the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), and income tax credits, grants and other incentives offered through the Governor's Office of Business and Economic Development. The definition of "advanced manufacturing" in the CEQA exemption is the same as used in the CAEATFA program.

But nothing should be taken for granted, and we encourage economic developers to take advantage of this tool while we have it. Rumors have been floating in the state Capitol that groups may be seeking amendments to roll back some of the recent CEQA exemptions, including the one for advanced manufacturing. While one can hope that Governor Newsom and legislators will retain the willpower to resist unravelling their legislation after several months, local economic developers would be wise to remind state officials on the importance of retaining this exemption.

CALED's Incoming Chair David White, President and CEO of Opportunity Stanislaus shared, "Manufacturing is critically important - not only because of its value to the economy, but also because for many counties like Stanislaus, many of our workers depend on manufacturing for their livelihoods.

For years, I have been watching other states out-compete us for new projects. They could offer speed-to-market that we just couldn't match. But now, thanks to the Governor and legislators, this exemption is the game changer we've needed to better compete for advanced manufacturing facilities and high quality jobs."

Let's not go backward. It is vital for our economic future that California grow and retain advanced manufacturing industries and their high-quality jobs.

##

Since 1980, CALED has led the way in teaching economic developers, local elected officials, and state leaders the value of economic development and how the more than 1,000 professional economic developers that we represent grow businesses, generate revenue to support community development programs, and retain and create quality jobs.