



Central California Incentives

The State of California and local jurisdictions have several programs, opportunities and business friendly policies that may be of interest to companies interested in expanding or establishing a California operation. Some communities may offer additional programs that are not listed. The following is a summary of region-wide programs:

Targeted Tax Credits and Exemptions

California Competes Tax Credit

The California Competes Tax Credit is an income tax credit available to businesses that want to come to California or stay and grow in California. Unlike the Enterprise Zone program this program is statewide. Thus, there are no geographic restrictions. Tax credit agreements will be negotiated by GO-Biz and approved by the "California Competes Tax Credit Committee."

<http://www.business.ca.gov/Programs/CaliforniaCompetesTaxCredit.aspx>

(Partial) Sales and Use Tax Exemption

A partial exemption of sales and use tax on certain manufacturing biotechnology and research and development equipment purchases is available. The partial exemption applies only to the state sales and use tax rate portion, currently at 4.1875 percent. The exemption does not apply to any local, city, county, or district tax. All manufacturers (NAICS Codes 3111 - 3399, inclusive), Research and Development in Biotechnology and Research and Development in the Physical, Engineering, and Life Sciences (NAICS Codes 541711 and 541712, respectively).

http://www.boe.ca.gov/sutax/manufacturing_exemptions.htm#page=Overview

(Full) Sales and Use Tax Exclusion – Advanced Manufacturing & Transportation and Alternative Energy

A sales tax exclusion from both state and local sales tax collection on equipment purchases for qualifying businesses that conduct qualifying activities. Sales tax rates vary by jurisdiction (typically 7% to 9.25%).

<http://www.treasurer.ca.gov/caeatfa/ste/index.asp>

New Employment Hiring Tax Credit (NEC)

The New Employment Credit (NEC) is available for each taxable year beginning on or after January 1, 2014, and before January 1, 2021, to a qualified taxpayer that hires a qualified full-time employee on or after January 1, 2014, and pays or incurs qualified wages attributable to work performed by the qualified full-time employee in a designated census tract or economic development area, and that receives a tentative credit reservation for that qualified full-time employee.

https://www.ftb.ca.gov/online/New_Employment_Credit_Reservation/index.shtml

California Research & Development Tax Credit

Corporate income tax credits are available to companies that have incurred qualified research expenses in California. A taxpayer qualifies for the credit if it paid or incurred qualified research expenses while conducting qualified research in California. The taxpayer may receive up to 15 percent of the excess of current year research expenditures over a computed base amount.

<https://www.ftb.ca.gov/businesses/credits/rd/>

Innovation Hubs

In an effort to harness and enhance California's innovative spirit, the state of California launched its forward-thinking Innovation Hub (iHub) program. The iHub program improves the state's national and global competitiveness by stimulating partnerships, economic development, and job creation around specific research clusters through state-designated iHubs. <http://www.business.ca.gov/Programs/Innovation.aspx>

Empowerment Zones

The federal government has designated sections of several California communities as Renewal Communities, Empowerment Zones and Enterprise Communities (RC, EZs and ECs). The cities of Fresno, Los Angeles, Santa Ana, San Diego, San Francisco, Orange Cove, Parlier, and the counties of Imperial and Riverside have designated RCs, EZs or ECs. www.hud.gov/offices/cpd/economicdevelopment/programs/rc/tour/ca/

Foreign Trade Zones

California's Foreign Trade Zones (FTZ) are located in San Francisco, San Jose, Long Beach, Oakland, West Sacramento, San Diego, Palmdale, Los Angeles, Port Hueneme, Merced/Madera/Fresno counties, Stockton, Palm Springs, Santa Maria, Victorville, Eureka and Imperial, Butte and Riverside counties.

FTZs are secured areas legally outside of U.S. customs territory usually located in or near customs points of entry. FTZs allow entry of foreign or domestic merchandise without formal customs entry or government excise taxes.

www.ia.ita.doc.gov/ftzpage

Net Operating Loss Carryover and Carryback

If you're like most business owners, you won't see a profit in your first year of operation. As your business grows, you may face one or more years in which your business' expenses exceed its income. In other words, the business may have a loss, which may translate into a Net Operating Loss (NOL) deduction. How this loss can be used to offset other income depends upon how your business is structured.

California law allows businesses to use Net Operating Loss carryovers. California now has NOL carry backs.

https://www.ftb.ca.gov/professionals/taxnews/2014/February/Article_5.shtml

PG&E Enhanced Economic Development Rate (E-EDR)

For qualifying businesses expanding or locating in the Central Valley, Pacific Gas & Electric offers a reduction of industrial electrical rates of up to 30% for up to five years.

http://www.pge.com/includes/docs/pdfs/mybusiness/energysavingsrebates/economicdevelopment/factsheet/EDR_FactSheet.pdf

Financing Programs

Industrial Development Bonds

Industrial Development Bonds (IDBs) are tax-exempt securities issued up to \$10 million by a governmental entity to provide money for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities for private companies. IDBs can be issued by the I-Bank, local Industrial Development Authorities, or by Joint Powers Authorities. http://www.ibank.ca.gov/industrial_dev_bonds.htm

SBA 504 Loans

SBA (Small Business Administration) 504 loans are marketed, processed, closed and serviced by Certified Development Corporations (CDC). Through the SBA 504 program, CDCs provide up to 90% of fixed-asset financing costs. The second mortgage, long-term, fixed-rate financing nature of the program allows banks to participate in business expansion by

reducing risk exposure. The benefit to the borrower is a lower down payment requirement (10%) and a longer-term, fixed-rate loan, which translates into reduced monthly payments.

www.sba.gov/loanprograms

Small Business Loan Guarantee (SBLGP)

The California Small Business Loan Guarantee Program (SBLGP) assists businesses with the creation and retention of jobs while encouraging investment into low- to moderate-income communities. The SBLGP enables small businesses to not only obtain a loan it could not otherwise obtain but more importantly helps to establish a favorable credit history with a lender so the business may obtain loans in the future on its own without the assistance of the program.

<http://www.bth.ca.gov/sblgp.htm>

California Capital Access Program

The California Capital Access Program (CalCAP) encourages participating banks and lending institutions to provide loans to small businesses that fall outside of conventional underwriting standards. Small business owners that have difficulty in obtaining conventional financing may qualify for a CalCAP loan through any CalCAP lender.

<http://www.treasurer.ca.gov/cpcfca/calcap/sb/index.asp>

California Capital Access with Collateral Support (CalCAP - CS)

CalCAP CS pledges cash to cover the collateral shortfall of loans of \$100,000 or more. CalCAP CS provides up to 40% of the loan value, with the possibility of an additional 10% for businesses located in a Severely Affected Community. Small business lenders loaning to businesses classified as a small business under U.S. Small Business Administration guidelines and that have fewer than 500 FTEs. The borrower's primary business and at least 51% of its employees or business income, sales or payroll must be in California. The business activity resulting from the bank's loan must be created and retained in California.

<http://www.treasurer.ca.gov/cpcfca/calcap/collateral/index.asp>

Pollution Control Tax-Exempt Bond Financing Program

Private activity tax-exempt bond financing is available to California businesses for the acquisition, construction, or installation of qualified pollution control, waste disposal, waste recovery facilities, and the acquisition and installation of new equipment.

<http://www.treasurer.ca.gov/cpcfca/bondfinancing.asp>

Alternative and Renewable Fuel and Vehicle Technology Program

The statute allows the Energy Commission to use grants, loans, loan guarantees, revolving loans, and other appropriate measures. Eligible recipients include: public agencies, private businesses, public-private partnerships, vehicle and technology consortia, workforce training partnerships and collaboratives, fleet owners, consumers, recreational boaters, and academic institutions. The Energy Commission must prepare and adopt an Investment Plan and convene an Advisory Committee to assist in preparing the Investment Plan.

www.energy.ca.gov/altfuels/index.html

Beverage Container Recycling Grant Program

The Department of Conservation provides funding annually in the form of grants for beverage container recycling and litter reduction programs. The Department typically seeks projects that provide convenient beverage container recycling opportunities in California; however, the focus may change with each new solicitation.

<http://www.calrecycle.ca.gov/BevContainer/Grants/>

Recycling Market Development Zone (RMDZ) Revolving Loan Program

The RMDZ Revolving Loan Program makes capital available for California manufacturers located in RMDZs. The program provides direct loans to eligible businesses that manufacture recycled raw materials, produce new recycled products, or that reduce waste from the manufacture of a product. <http://www.calrecycle.ca.gov/RMDZ/Loans/>

USDA Rural Development

The U.S. Department of Agriculture (USDA) sponsors “Business & Industry” guaranteed loans in rural communities. USDA guarantees up to 80% on loans of \$5 million or less and up to 70% on loans up to \$10 million. Rates are fixed or variable and negotiated between lender and business. Terms are typically seven years for working capital, 15 years on equipment and 30 years on real estate.

<http://www.rurdev.usda.gov/ProgramsAndOpportunities.html>

Local Revolving Loan Funds

Enterprising communities throughout California have recognized that Revolving Loan Funds (RLF) are important economic development tools. The United States Economic Development Administration, Department of Agriculture and Housing and Urban Development’s Community Development Block Grant Program typically capitalize RLFs. Their proceeds often provide critical capital to deserving small businesses, which in turn, provide needed jobs in urban and rural areas throughout California. *Contact your local city or county for more information.*

Workforce Incentives

Job Referral and Placement

America’s Job Center of CaliforniaSM (AJCC) is your easy one-stop access to the state’s employment-related services. Explore the resources through this Web portal or visit a local center. Employers can get help in posting job openings and recruiting candidates.

<http://www.americasjobcenter.ca.gov/>

Worksharing Unemployment Benefits

The Work Sharing Unemployment Insurance program allows for the payment of benefits to employees whose hours and wages have been reduced. Any employer who has a reduction of production, services, or other conditions that cause the employer to seek an alternative to layoffs can consider participating.

http://www.edd.ca.gov/Unemployment/Work_Sharing_Program.htm

Employment Training Panel

A cash reimbursement for training cost incurred by employers set by a pre-determined two-year performance based contract. Contracts vary based on number of employees enrolled, hours of training, training material and employee wages.

<http://www.etp.ca.gov/>

Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) provides a tax credit of up to \$9,000 for employers who hire individuals who belong to one or more of the nine target groups specified in the law.

http://www.edd.ca.gov/Jobs_and_Training/WOTC_Target_Groups.htm

Source: State of California www.business.ca.gov and additional agencies listed.