



## *H&A Briefing Paper:*

# **NEW CALIFORNIA INCENTIVE PROGRAM**

Recent Overhaul of Manufacturing and Job Growth Economic Development Incentives

The recent legislation signed by Governor Jerry Brown completely overhauled the State of California method to induce businesses to stay or move to California, while effectively eliminating their Enterprise Zone (EZ) program. Below is a more detailed description of how businesses may capture the new incentives to help foster investment and job growth.

Enterprise Zone Phase-out: Cut-off January 2014, then benefits can be in place for up to 10 years.

### **California Competes**

#### ***Discretionary Incentive Credit***

Begins: January 2014

Any location could be considered, preference to areas of higher poverty and unemployment. GO Biz negotiates credits based on number of jobs, location and capital investment. FTB will administer the credit after Board decision to award.

Available Funds:

\$30 million Jan '14 - June '14  
\$150 million June '14 - May '15  
\$200 million each year thereafter

Program Rules\*\*:

25% of credit must be given to Small Businesses  
Limits on credits to a single company  
Credits for new growth AND retention  
Board will have four decision hearings per year

\*based on a five year total of 2,000 hours

\*\*initial plan, however administrative rules must confirm

### **Manufacturing**

#### ***Equipment Sales Tax Exemption***

Begins: July 2014

Sales tax exemption of California portion (4.19%), benefit taken immediately. Any location in California may be applicable.

Eligible purchases include Manufacturing equipment, plus some R&D and tenant improvements.

### **Hiring Credit**

#### ***Net New Job Credit***

Maximum Credit: \$56,000 per employee\*  
Calculation: 35% of wages each year with a cap

Locations are based on LAMBRAS, current EZs and census tracts with highest unemployment

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