



ATTRIBUTE COMPARISON



Enterprise Zones
Current Program



Governor Brown's
Proposed Incentives

Manufacturing Equipment Sales Tax Exemption



Enterprise Zones Current Program



Governor Brown's Proposed Incentives

Incentive Type

- Income Tax Credit

- Sales Tax Exemption

Value of Incentive

- Amount of sales tax paid for income earned in zone

- Eliminates California portion of sales tax (4.19%)

Maximum Annual Amount

- \$1 million of equipment for non-corporations; \$20 million for corporations

- \$200 million of equipment regardless of entity type

Getting The Incentive

- Claim made when annual income tax return is filed

- Benefit immediate - no state tax paid at time of purchase

Business Location

- Must locate in enterprise zone

- Anywhere in California

Excluded Industries

- Research & Development

- Extractive Industries

Equipment Qualified for Tax Incentive

- Basic manufacturing equipment

- Basic manufacturing equipment AND
 - R&D for manufacturing & biotech
 - Addition of necessary tenant improvements (ex: clean rooms)

Hiring Credit



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Middle Class Wages

- NO - credit based on wages paid UP TO \$12 an hour
- YES - credit based on wages ABOVE \$12 an hour

Max Credit Amount

- \$36,000 per employee (five year total, 2,000 hours)
- \$56,000 per employee (five year total, 2,000 hours)

Credit Calculation

- 50% of wages in first year. Declines 10% each year to zero for a total of 150%
- 35% of wages each year for a total of 175%

Employee Qualifications

- Extensive. Consultants hired to claim business' credits for them
- 3 groups: person unemployed 6 months, veteran unemployed at discharge or Earned Income Tax Credit recipient

Poverty Area Targeting

- Zone boundaries are gerrymandered for interests other than reducing poverty
- Areas based on census tracts with highest quarter of both unemployment and poverty rates

Retroactive Availability

- Yes
- No

Credit to Replace Current Employees

- Yes - common use of program
- No - employer gets credit only for increasing jobs

California Competes Incentive Credit



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Incentive Transparency

- The option of a similar flexible credit is not offered as part of the current Enterprise Zone program

- All California Competes incentive awards will be made public and award information must be posted on the GO Biz webpage

Expansion Applications

- Businesses can choose to expand from current location into an enterprise zone

- Tax credit that GO-Biz negotiates terms for with applicant. Terms may include jobs, location and new capital investment. Ultimate location can be ANYWHERE in California

Attraction Applications

- Businesses wishing to move to California can choose to move from current location to an enterprise zone

- Tax credit that GO-Biz negotiates terms for with applicant. Terms may include jobs, location and new capital investment. Ultimate location can be ANYWHERE in California