

The top of the slide features a panoramic view of the San Diego skyline across a body of water. On the left, the official seal of the City of San Diego is overlaid. The seal is circular with a gold border and contains the text "SAN DIEGO STATE OF CALIFORNIA" at the top and "SEMPER VIGILANS" at the bottom. In the center of the seal is a figure holding a scale and a sword. To the right of the seal, the text "The City of San Diego" is written in a large, bold, black font, with "America's Finest City" in a smaller font below it. The background of the entire slide is a solid blue color.

The City of
San Diego
America's Finest City

CA Competes Tax Credit Incentive Program

(effective January 1, 2014)



CA Competes Tax Credit Incentive

What is GO-Biz ?.....

The Governor's Office of Business and Economic Development (GO-Biz) was created to serve as California's single point of contact for economic development, job creation efforts, and various state-sponsored business incentive programs.

GO-Biz offers a broad range of services to CA business owners including permit streamlining, and small business assistance.

CA Competes Tax Credit Incentive

CA Competes

- ✓ Purpose: Flexible tax credit program intended to promote job creation, business attraction, retention and expansion efforts in California.
- ✓ Goal: Aimed at incentivizing companies planning to move to CA; or expand their existing business operations in the state.
- ✓ Funding: Available funding for tax credit allocations:

FY15 = \$150M

FY16 through FY18 = \$200M (each FY)



CA Competes Tax Credit

Competitive Program

- ✓ CA businesses submit their on-line application to GO-Biz office as part of a multi-phase evaluation process.
 - ✓ Phase 1 – Quantitative analysis - employee wage and compensation package (including fringe benefits), capital investment (land purchases, property/building improvements, new equipment purchases).
 - ✓ Phase 2 – Qualitative analysis – This is a “narrative” opportunity for companies to clarify their projected local, regional and/or statewide economic significance; potential for expansion and/or job creation; commitment to stay in CA, and several other pertinent economic factors.
- ✓ Application review process is anticipated to take approx. 90 days.



CA Competes Tax Credit

Application Evaluation Factors:

- ✓ Applications will be evaluated based on several factors such as (but not limited to):

Number of jobs created or retained by employer in CA

Employee wages and compensation
(including fringe benefits)

Business's current and projected capital investment in
the State

CA Competes Tax Credit

Application Evaluation Factors (Cont.)

Extent of unemployment or poverty where business is located (or plans to locate)

Company's commitment to remain and/or expand in CA.

Incentives available to the business in other States.

Overall projected economic impact to region and the State.

Strategic importance of the business to the state, region and locality.



CA Competes Tax Credit

Credit Award Limitations:

- ✓ No single business will receive more than 20% of total annual (FY) allocation of CA Competes Tax Credits
- ✓ Maximum potential credit capture for a business in FY15 is \$30M (\$150M X 20%)
- ✓ **IMPORTANT:** At least 25% of annual credit allocations must go towards small businesses (i.e. businesses with gross revenues of less than \$2M in previous taxable year)

CA Competes Tax Credit Incentive

Application Approval & Credit Award Process

- ✓ Decision to approve CA Competes applications made by five-member CA Competes Tax Credit Committee consisting of GO-Biz Director (chair), State Treasurer, Department of Finance Director, and two (2) legislative appointees (Senate & Assembly members)
- ✓ The overall tax credit “value” for approved applications is a negotiated process between GO-Biz and the company; and a contract is ultimately executed between GO-Biz and the company receiving the tax credit award



CA Competes Tax Credit Incentive

Application Approval & Credit Award Process (cont.)

- ✓ Companies not awarded credits may resubmit a CA Competes application for any future FY open application round (per GO-Biz notification).
- ✓ GO-Biz will notify FTB of the terms of the written agreement with the business receiving the credit award, along with any stipulations of credit recapture (by FTB) in the event the business fails to meet their contractual obligation(s).
- ✓ Companies can wait up to 5 years to utilize captured tax credits.



CA Competes Tax Credit

- ✓ To be added to GO-BIZ's list please e-mail them at cacompetes@gov.ca.gov
- ✓ To access GO-BIZ's online CA Competes application form, please log on to: www.calcompetes.ca.gov and select "create an account"

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For More Information on **CA Competes Tax Credit Program:**

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