



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

STATE OF CALIFORNIA ♦ OFFICE OF GOVERNOR EDMUND G. BROWN JR.



# Economic Development Incentives & Resources

Fiscal Year 2017-2018



# Agenda

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- Credits / Incentives / GO-Biz Services
- California Competes Tax Credit Program
  - Application Deadlines and Process
- Q&A

# THE GO-BIZ TEAM



**Business Investment  
Services**



**International Affairs**



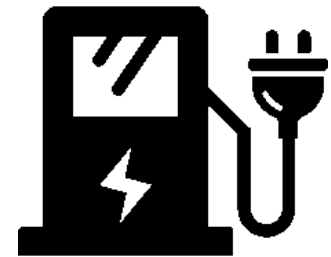
**Small Business**



**Permits**



**Innovation &  
Entrepreneurship**



**Zero Emission  
Vehicles**

# CALIFORNIA BUSINESS PORTAL

A woman with dark hair, wearing a white sleeveless top and a black respirator mask with colorful filters, is leaning over a table. She is holding a pencil in her right hand and looking down at a document on the table. The background is slightly blurred, showing what appears to be an office or workshop setting.

California Business Portal  
Make your dream your business

[www.businessportal.ca.gov](http://www.businessportal.ca.gov)



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# California Competes Tax Credit Application

Fiscal Year 2017-2018



# The California Competes Tax Credit

## California Competes Tax Credit

- Credit against the income tax due the Franchise Tax Board
- Non-refundable
- 6 tax year carryover

## Accountability:

- Tied to achieving contractual (hiring/investment) milestones
- Recapture provisions

# California Competes Tax Credit (Continued)

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Credit awards are based on 11 factors:

- Number of jobs created or retained
- Compensation paid to employees
- Amount of investment
- Duration of proposed project and commitment to remain in this state
- Extent of unemployment or poverty in business area
- Extent the benefit to the state exceeds the amount of the tax credit
- Incentives available in other states
- Opportunity for future growth and expansion
- Other incentives available in California
- Overall economic impact
- Strategic importance to the state, region, or locality

# California Competes Tax Credit Availability

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## Amount of Credits Available

Over \$230 million in fiscal year 2017/18

- No more than 20% may go to any one applicant per fiscal year
- 25% of total amount each fiscal year reserved for small businesses



# Application Periods

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The Director of GO-Biz sets the application periods each fiscal year:

**Fiscal Year 2017-2018**

**July 24, 2017 – August 21, 2017**

\$75 million available

**January 2, 2018 – January 22, 2018**

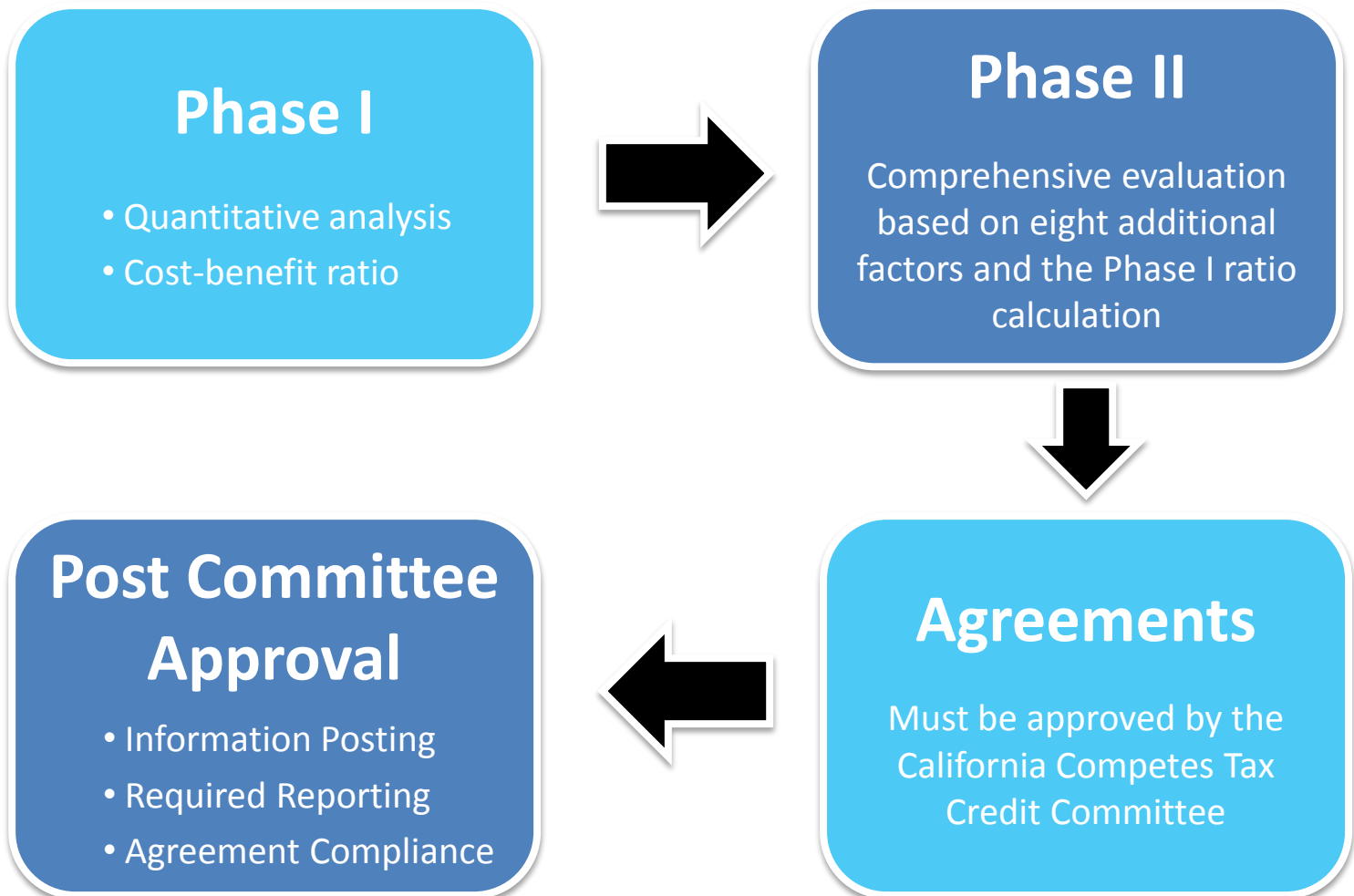
\$100 million available

**March 5, 2018 – March 26, 2018**

\$55.4 million available

# Credit Application and Award Process

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# Phase I Evaluation

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Cost-Benefit Ratio:

Amount of Credit Requested

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Aggregate Employee  
Compensation

+

Aggregate  
Investment

Applications with the most advantageous cost-benefit ratio will be moved to Phase II

There will be a review of the top 200% of applicants

# Exemptions to the Phase I Calculation

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GO-Biz may move an application to Phase II, regardless of the ratio if the applicant certifies that:

- a. absent award of the credit, the applicant's project may/will occur in another state, or the applicant may/will terminate or relocate all or a portion of its employees to another state, or
- b. at least 75% of the applicant's net increase of full-time employees work at least 75% of the time in an area of high unemployment or high poverty

# High Poverty and Unemployment Areas

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## High Poverty Area

- A city and/or county within California with a poverty rate of at least 150% of the California statewide poverty rate per the most recently updated data available from the U.S. Census Bureau's American Community Survey thirty days prior to the first day of the applicable application period.

## High Unemployment Area

- A city and/or county within California with an unemployment rate of at least 150% of the California statewide unemployment rate per the most recently updated data available from the California Employment Development Department thirty days prior to the first day of the applicable application period.

A list of qualifying high unemployment and high poverty areas will be posted on the California Competes [website](#) approximately 30 days prior to the close of an upcoming application period.

# Phase II Evaluation

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- Phase I information
- Extent of unemployment/poverty
- Economic impact
- Number of retained employees
- Opportunity for growth/expansion
- Other incentives available
- Wages/benefits
- Strategic importance
- Other information requested

Note: Evaluated factors are in no particular order

# Agreements

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Terms and conditions of the agreements include:

- Minimum employee compensation and retention period
- Credit distribution period
- Recapture provisions if applicant fails to meet commitments

Tax credit agreements must be approved by California Competes Tax Credit Committee

- Committee Members: State Treasurer, Director of the Department of Finance, two legislative appointees, and the Director of GO-Biz (Chair)

# Post Committee Approval

GO-Biz is required to post information on its website for all awardees

Name	Primary Location(s)	Industry	Net Increase of Full-Time Employees	Investments	Amount of Tax Credit	Amount Recaptured
<a href="#">Wolf &amp; Associates, Inc.</a>	Costa Mesa	3D Printer Manufacturing	120	\$1,200,000	\$500,000	
<a href="#">Caylym Technologies International, LLC</a>	Fresno	Fire Suppression and Flood Containment Product Manufacturing	53	\$3,457,500	\$1,500,000	
<a href="#">Tioga Research, Inc.</a>	San Diego	Biotechnology Research & Development	21	\$1,116,241	\$45,000	
<a href="#">Kinkisharyo (USA), Inc.</a>	Palmdale	Light Rail Vehicle Manufacturing	103	\$12,000,000	\$417,600	
<a href="#">Just Say Music</a>	Sacramento	Musical Instrument Instruction and Repair Services	4	\$1,700,000	\$60,000	
<a href="#">Sandwich Video, Inc.</a>	Los Angeles	Online Commercial Production	4	\$100,000	\$20,000	

For a list of all awardees, visit the [awardee list](#).



# Oversight/Accountability

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## Franchise Tax Board (FTB)

- Access to application and all documentation
- Must review books/records for agreement compliance for non-small businesses
- May review books/records for agreement compliance if the recipient is a small business

## Material Breach

- FTB informs GO-Biz
- Committee approves or denies recapture



# California Competes Tax Credit

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## Questions?



Apply: [www.calcompetes.ca.gov](http://www.calcompetes.ca.gov)

Email: [calcompetes@gov.ca.gov](mailto:calcompetes@gov.ca.gov)

Phone: (916) 322-4051

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Sacramento, CA 95814

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