Business Incentives 2020
www.LAEDC.org

State of California Incentives:
Partial Sales Tax Exemption for the purchase of manufacturing equipment (3.9%)
Sales Tax Exemption of 3.9% for companies engaged in manufacturing, R&D, bio-technology, who purchase new equipment beginning on July 1, 2014 (program ends 2022).
- May be applied to certain leases, construction contractors, special purpose building, solar power equipment, pollution control, repair parts, and material handling equipment.
- Available to businesses in California- Benefits are immediate with no state tax paid at time of purchase.
https://www.cdta.ca.gov/industry/manufacturing-exemptions.htm
http://www.cdtfa.ca.gov/formspubs/cdtfa230m.pdf (FORM)

California Competes Tax Credit
Income tax credit available to businesses committed to staying and growing in California
- This is a negotiated credit amount that is determined by the number of jobs the business will create or retain in the state and amount of investment in the state within a 5-year range. There are 3 application rounds each fiscal year with over $200 million in tax credits annually. Application periods; January, March, August.
http://business.ca.gov/Portals/0/Files/California%20Competes%20Tax%20Credit%202017-3-19.pdf

Advanced Manufacturing Full Sales & Use Tax Exclusion
Tax exemption for manufacturing companies that improve upon existing products or create entirely new materials, products or processes through the use of:
- Science, engineering, or information technologies/ High-precision tools and methods/ High-performance workforce.
- An innovative business or organization model utilizing any of the following technology areas: micro- and nanoelectronics, such as semiconductors, advanced materials, integrated computational materials engineering, nanotechnology, additive manufacturing, or industrial biotechnology.
http://www.treasurer.ca.gov/daeatfa/ste/index.asp

New Employment Tax Credit
Hiring credit for businesses located in a designated geographical area (DGA) census tract with the 25% highest share of unemployment in the state. See link to see if in DGA (http://maps.gis.ca.gov/gobiz/dga/default.aspx)
- Credit can only be claimed by taxpayers that provide a net increase in jobs.
- Credit is equal to 35% of wages between $18.00 and $42.00 an hour (150% to 350% of minimum wage) for up to 5 years for a maximum of $56,000 per employee (5-year total / 2,000 hours).

State Research & Development Tax Credit
Credit that reduces income or franchise tax for qualified research expenses
- Credit equal to 15% of the excess of current year research expenditures over a computed base amount plus 24% of basic research payments.
- To qualify, conducted research must be undertaken to discover information that is technological in nature and the information from the research should be used to develop a new or improved business component.
https://www.ftb.ca.gov/file/business/credits/california-research.html
ETP (Employment Training Panel)
State funding agency that provides financial assistance to employers to assist in upgrading the skills of their employees through training programs. The ETP program, unlike an income tax credit, provides funds directly to employers to undertake pre-approved employee training resulting in a direct cash benefit to employer.
http://www.etp.ca.gov

State of California Governor's Office of Business & Investment (GoBiz)
California Business Incentives Gateway- https://cbigint.ca.gov/

Federal Hiring & Job Creation Tax Credit Programs:
TSE (Transitional Subsidized Employment) 8-Month Incentive Program
- Up to four months 100% wage reimbursement for each new hire (including wages, taxes, workers comp). 60% subsidy of gross wage per month for up to four additional months for each new hire.
  https://www.southbay1stop.org/transitional-subsidized-employment-tse
VEAP/OST (Veteran Employment Assistance/ On-the-Job Training)
- Up to $9,600 reimbursement per veteran hired.
  http://www.edd.ca.gov/jobs_and_training/Services_for_Veterans.htm

Cost Containment/ Efficiencies resources:
California Manufacturing Technology Consulting (CMTC) - identifies areas of improvement in capability, process and systems for cost savings- www.cmtc.com
Edison Savings by Design utility savings programs —
http://www.sce.com/wps/portal/home/business/savings-incentives
Gas Company Utility programs - http://www.socalgas.com/for-your-business
Workers Comp/Risk Management/Property Casualty/Bus. Recovery Insurance- cost reduction - see LAEDC District Manager

Financing Programs:
Los Angeles County Development Authority- https://www.lacda.org/
EB-5 Immigrant Investor Program – http://laedc.org/eb-5-financing/
SBA-Export Financing - www.sba.gov/international

Los Angeles County Procurement Programs
Vendor and contracting opportunities for Los Angeles County businesses.
- SBE- Small Business Enterprise; independently owned, in L.A. County at least 12 months/ CBE- Community Business Enterprise; minority business, women-owned/ DVBE- Disabled Veteran Business Enterprise

Layoff-Aversion Programs- (Rapid Response)- assistance to employers and employees affected by layoffs /plant closures/downsizing; http://workforce.lacounty.gov/rapid-response-policy/
- Workshare, unemployment benefits, retraining, career counseling, paid training resources

For more info on all these programs please contact: Barbara Levine, Senior District Mgr of Business Assistance/LAECD
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