



# State of California Overview of State Programs

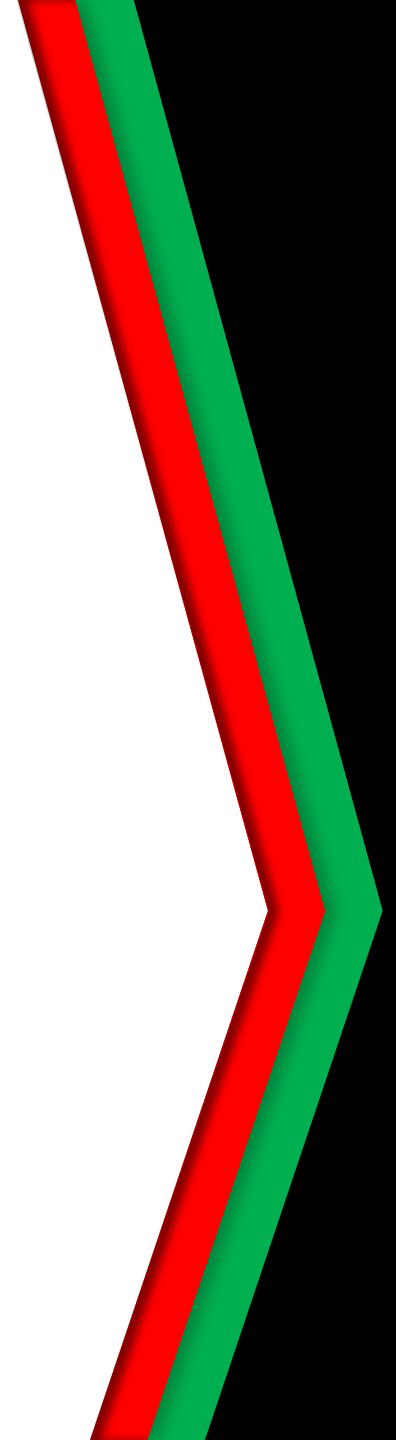
Presentation made to CalRecycle  
Zone Works Training Workshop  
Presented by Diane Banchero  
April 6, 2016





# Governor's Office of Business and Economic Development (GO-Biz)

Single Point of Contact for Business in California





# GO-Biz Primary Operation Units

- California Business Investment Services
- Small Business (Office of the Small Business Advocate)
- Permit Assistance
- International Affairs and Business Development
- Innovation and Entrepreneurship
- Infrastructure and Economic Development Bank
- Film Commission
- Travel and Tourism Commission
- California Competes Credit Tax Credit Program
- Made in California Program (slated for Q2 2016)



# GO-Biz Business Units



## California Business Investment Services (CalBIS)

- Site selection assistance
- Promoting the Governor's Economic Development Initiative
- Incentive analysis
- Facilitation with regional and local governments
- Single point of contact to any state agency

## Small Business

- Office of the Small Business Advocate – serves on interagency working groups to represent small business interests
- Technical assistance – regulations, procurement, referrals



# GO-Biz Business Units

## Permit Assistance

- Individualized permit assistance for specific permitting needs
- Cal-GOLD: online general permit guidance and tracking system
- Mediation: third party support in facilitation of permit disputes with state and local regulatory agencies



# GO-Biz Business Units

## International Affairs and Business Development

- Mexico 2014 Trade Mission
- Exporting: California State Trade and Export Promotion (STEP) program
- Foreign Direct Investment
  - EB-5 Investor Visa Program
  - GO-Biz TEA Interactive Tool (determine qualifying TEA census tracts)
  - EB-5 Survey (Updated August 2014) – counts track record on jobs, investment, form approvals and provides full contact information as well as investors' nationality
  - **[New]** Web Portal for EB5 foreign investors
- China 2013 Trade Mission and establishment of CA-China Trade Office





# GO-Biz Business Units

## Innovation and Entrepreneurship

- Innovation Hub (iHub) program (16 iHubs Statewide)
- Performing nationwide promotion of the region's innovation ecosystem
- Facilitating partnerships between government, industry and academia
- Providing business incubation services and facilities for entrepreneurs and start-up companies
- Pursuing funded research opportunities to strengthen the regional technology base
- Hosting training and networking events to act as catalysts for idea exchange, collaboration, and knowledge sharing.





# GO-Biz Business Units



## California Infrastructure and Economic Development Bank

- Established in 1994 to issue tax-exempt and taxable revenue bonds, acquire or lease facilities, make loans, and provide guarantees and other credit enhancements for a wide variety of projects (including environmental and clean energy projects)
- Current I-Bank Programs:
  - Infrastructure State Revolving Fund Program (ISRF)
  - **Small Business Loan Guarantee Program (SBLGP)**
  - Bond Programs
    - 501(c)(3) Revenue Bond Program
    - **Industrial Development (Conduit) Revenue Bond Program (IDB)**
- **[New]** Clean Energy Finance Center dba California Lending for Energy and Environmental Needs Center (CLEEN Center)
  - Statewide Energy Efficiency Program for municipalities, universities, schools and hospitals (MUSH) projects
  - Commercial & Industrial Energy Efficiency Program (CEEP) for private industrial and commercial projects



# Governor's Economic Development Initiative

## State Sales and Use Tax Incentive Programs

- CAEATFA – [**Full**] Sales and Use Tax **Exclusion** for Advanced Manufacturers; Manufacturers of Alternative Energy Source and Advanced Transportation Products, Components or Systems; as well as equipment that processes or utilizes Recycled Feedstock
- BOE – [**Partial**] Sales and Use Tax **Exemption** for Manufacturing, Research & Development, and Biotechnology



# (Partial) Sales and Use Tax Exemption

- Administered by the Board of Equalization
- Statewide exemption of the state's portion of the sales and use tax (4.1875%) on equipment purchases (or leases) as well as software and certain building improvements for **manufacturing, research and development, and biotechnology**
- Limitations: \$200 Million per year in qualified purchases per business. There is no cap on the program.
- To be eligible under this law, you must meet all three of these conditions:
  - Be engaged in certain types of business, also known as a "qualified person."
  - Purchase "qualified property."
  - Use that qualified property for the uses allowed by this law.



# State Corporate Income Tax Credit Incentive Programs

- GO-Biz/FTB – California Competes Tax Credit
- FTB – New Employment Credit
- FTB – California Research Credit



# California Competes Tax Credit Program

- Administered by the Governor's Office of Business and Economic Development
- Corporate income tax credits available to businesses that successfully compete in a tax credit notification period on certain project/business based merits.
- Tax credit agreements are negotiated by GO-Biz and approved by the California Competes Tax Credit Committee (consisting of the State Treasurer, the Director of the Department of Finance, the Director of GO-Biz, one appointee from the Senate, and one appointee of the Assembly).



# California Competes Tax Credit Program

## Negotiated tax credit

- \$30 million in fiscal year 2013/14
- \$150 million in fiscal year 2014/15
- **\$200 million in each fiscal year 2015/16 - 2017-18**
- 25% dedicated to Small Business
- No more than 20% can go to one company

For FY15/16, GO-Biz will accept applications during the following periods:

- July 20, 2015, through August 17, 2015 (\$75 million available)
- January 4, 2016, through January 25, 2016 (\$75 million available)
- **March 7, 2016, through March 28, 2016** (\$50.9 million plus any remaining unallocated amounts from the previous application periods)



# California Competes Tax Credit Program

- Two-phase application evaluation process
- The first phase is an automated process where quantifiable information from the application (job creation, investment, and amount of credit requested) is **calculated** and compared against other applications received during each application period
- Application Score = Amount of Credit Requested ÷ Total State Benefit (Capital Investment + Gross Wages)
- Applications that have scored within the top two tiers (those with the most advantageous cost-benefit ratio to the state) will move to the second phase for qualitative review



# California Competes Tax Credit Program

## Phase Two Evaluation

Credit amount based on 11 factors:

1. Number of jobs created or retained
2. Compensation paid to employees
3. Amount of investment
4. Extent of unemployment or poverty in business area
5. Other incentives available in California
6. Incentives available in other states
7. Duration of proposed project and duration of commitment to remain in CA
8. Overall economic impact
9. Strategic importance to the state, region, or locality
10. Opportunity for future growth and expansion
11. Extent the benefit to the state exceeds the amount of the tax credit



# New Employment Credit

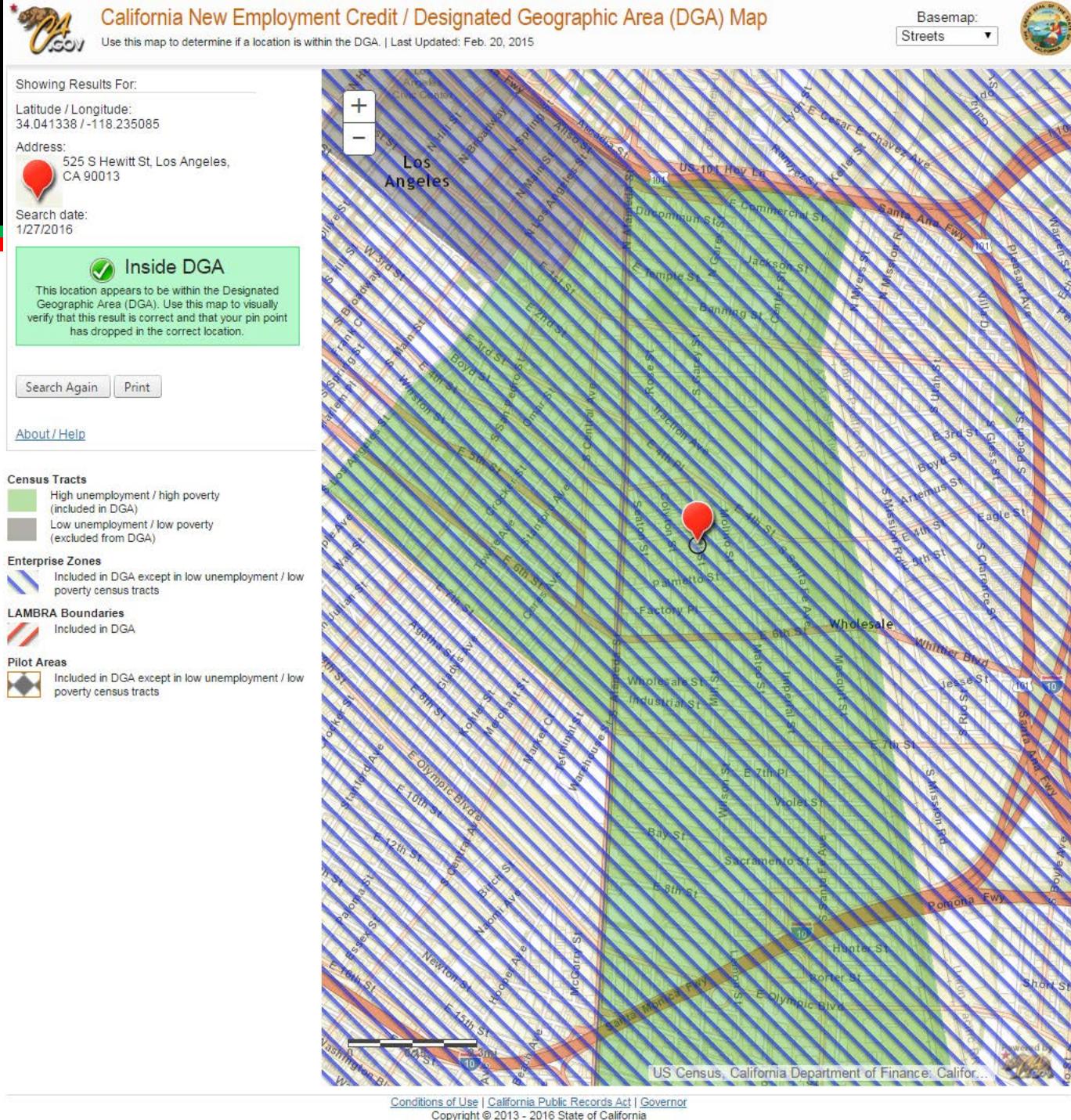
- Administered by the Franchise Tax Board
- Corporate income tax credit available for taxable years beginning on or after January 1, 2014, and before January 1, 2021.
- To obtain a credit on or after January 1, 2014 :
  - A qualified taxpayer must hire a qualified full-time employee
    - Taxpayer must be located in a **Designated Geographic Area** or Pilot Area **and**,
    - Have a net increase in employment **and**,
    - Hire from 1 of 5 target populations
  - Pay qualified wages attributable to work performed by the qualified full-time employee in a DGA,
  - Receive a Tentative Credit Reservation (within 30 day of complying with EDD new hire reporting requirements) for that qualified full-time employee.



# New Employment Credit

## DGA Mapping Tool

- Establishes newly drawn incentive geographies
- Geographic areas are drawn using census tract data
- Green areas = high unemployment and high poverty are included
- Blue areas = former enterprise zone boundaries are included
- Grey areas = areas with low unemployment and low poverty are excluded





# New Employment Credit

A qualified full-time employee is an individual who meets all of the following:

- Performs at least 50% of their services for the employer in the DGA.
- Receives starting wages that are at least 150% of the State minimum [wage](#).
- Is hired on or after January 1, 2014.
- Is hired after the DGA is designated.
- Is paid hourly wages for an average of at least 35 hours per week, or is salaried, and paid for full-time employment (within the meaning of Section 515 of the Labor Code).
- At the time of hire an individual meets any of the following [conditions](#):
  - Unemployed for at least six months, not having completed a degree or course of study.
  - Unemployed for 6 months or more, and completed a completed a degree or course of study more than 12 months prior to hire. For purposes of this definition, unemployed means all of the following:
    - Not receiving wages.
    - Not self-employed.
    - Not a full-time student.
  - Veteran, separated from the armed forces within 12 months.
  - Recipient of the federal Earned Income Credit in the previous taxable year.
  - Ex-offender convicted of a felony.
  - Current recipient of CalWORKS or county general assistance.



# New Employment Credit

- The credit is based on 35% of qualified wages or wages between 150% and 350% of minimum wage. In order to generate an allowable credit, the qualified taxpayer must have a net increase in its total number of full-time employees working in California, when compared to its base year both based on annual full-time equivalents.
- New Employment Credit Reservations can be completed online at [www.ftb.ca.gov](http://www.ftb.ca.gov)

CA.GOV State of California Franchise Tax Board

### New Employment Credit Reservation – Entity Type

#### Employer Qualification

Only an employer who is a qualified taxpayer may receive a tentative credit reservation for a qualified full-time employee. The following is the employer qualification assessment. ?

**\* Required Fields**

**\* Entity Type**

Select one

Date: 3/17/2014

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Session expires in 19:50.



# California Research Credit

- You qualify for the credit if you paid or incurred qualified research expenses while conducting qualified research in California.
- You receive **15 percent of the excess** of current year research expenditures over a computed base amount.
- There are several differences between federal and California law. Therefore, you must be familiar with the California provisions for the year you are claiming the research credit.



# State Workforce Development Programs

- CWIB – America's Job Center of California
- LWDA – Employment Training Panel
- EDD – Experience Unlimited Program
- DIR – Apprenticeship Program



# America's Job Center of California

- New name, same function
- Statewide system of one-stop Job Centers providing free employment-related services such as:
  - Candidate screening
  - Interviewing
  - Job fairs
  - Custom training
  - On-The-Job Training (OJT)
  - Identification of individuals eligible for federal and state tax credits

The screenshot displays the homepage of the America's Job Center of California website. At the top left is the CA.GOV logo. The main header features the text "America's Job Center of California<sup>SM</sup>" and a search bar. Below the header is a navigation menu with links: "About Us", "Job Seekers", "Employers", "News and Data", and "Workforce Partners". The main content area is titled "Job Center Locator" and includes a search form with the text "Find an America's Job Center of California<sup>SM</sup> near you by entering a ZIP Code, city and state, or address below." and "Enter a ZIP Code, city and state, or address:". The search input field contains "torrance, ca" and a "Search" button. A note below the search form states: "Note: Please call ahead for days and hours of operation." Below the search form is a map of Southern California showing the locations of various job centers marked with red pins and labeled with letters A through J. To the right of the map is a list of job centers with their names, addresses, and phone numbers. The list includes: Torrance Career Center, Gardena South Bay One Stop Business and Career Center, Carson Career Center, Harbor WorkSource Center, LA South/Compton Workforce Service Office, Southeast LA - Watts Worksource Center, South Bay One Stop Business and Career Center, and Youth Opportunity Center. At the bottom of the page is a footer with links: "Back to Top", "Conditions of Use", "Privacy Policy", and "Contact Us".



# Employment Training Panel

- Cash reimbursement opportunities for employer sponsored training
- Funds are awarded either through 2-year performance based contracts or through a Multiple Employer Contractor (MEC)
- Reimbursements are based on fixed-fee rates

Type of Trainees/Proposal/Program	Class/Lab Productive Lab Videoconference - E-Learning	Advanced Technology Class/Lab	CBT
<b>NEW HIRE</b>	\$20	N/A	\$8
<b>RETRAINING Standard</b>	\$15	\$22	\$8
Small Business (100 or less employees in California but no more than 250 worldwide)	\$22	\$22	\$8
MEC Entrepreneurial	\$22	\$22	\$8
Priority Industry/Initiative Standard	\$18	\$26	\$8
Priority Industry Initiative Small Business (100 or less employees in California but no more than 250 worldwide)	\$26	\$26	\$8
Priority Industry/Initiative MEC Entrepreneurial	\$26	\$26	\$8
Critical Proposal Note: A higher reimbursement rate may be considered on case by case basis	\$18	\$26	\$8
Retrainee Job Creation Program	\$20	\$20	\$8
AB-118 (ARFVTP) Program Alternative and Renewable Fuel and Vehicle Technology Program	\$18	N/A	\$8
AB-118 (ARFVTP) Program Small Business (100 or less employees in California but no more than 250 worldwide)	\$26	N/A	\$8
Apprenticeship Pilot Program	\$13	N/A	N/A
Pre-apprentice and Journeyman (Blended Rate)	\$22	N/A	\$8
Ex-Offender/ At-Risk Youth	\$20	N/A	\$8
CNA to LVN	\$18	N/A	\$8
Medical Skills (MST) preceptor	\$22	N/A	N/A
Medical Skills (MST) didactic	\$22	N/A	N/A
Seasonal Worker	\$15	N/A	N/A
Veterans	\$22	\$22	\$8
Veterans Small Business	\$26	\$26	\$8



# Experience Unlimited Program – for employers

- The Employment Development Department's (EDD) Experience Unlimited services offers one source, no fee professional employee recruitment and referral services to help employers quickly attract quality talent by eliminating the need to interview numerous candidates.
- Many motivated and highly qualified individuals who have unexpectedly found themselves out of work are networking through Experience Unlimited “**job clubs**” to find new employment opportunities.
- A wide range of professional, technical, and managerial job seekers participate in these voluntary, networking groups to lend one another job hunting assistance and direction.
- Provided at no fee, the program provides a place where job seekers can meet regularly with other career professionals to share job leads, provide support, and update their job search skills.



# Division of Apprenticeship Standards

- Assistance to employers looking at developing their own apprenticeship programs
- All apprenticeship programs, regardless of the industry, have standards developed with the help of the division that the apprentice must meet before graduating and receiving their journeyman's card or completed apprenticeship certificate from the State of California.
- When a business applies to the division to become a program sponsor it must meet the industry minimum training criteria in their work processes and related and supplemental instruction curriculum for their industry.



## State Financial Assistance Programs

Government enhancements to strengthen bank loans and reduce risks. Can help borrowers secure financing that might not otherwise be available

- CPCFA – CalCAP Capital Access Program
- CPCFA – CalCAP Collateral Support Program
- CPCFA/ARB – CalCAP On-Road Heavy-Duty Vehicle Air Quality Loan Program
- CPCFA – CalCAP Electric Vehicle Charging Stations
- I-Bank – Small Business Loan Guarantee Program
- I-Bank – Industrial Development Conduit Revenue Bonds



# State Treasurer's Office – California Pollution Control Financing Authority

- **California Capital Access Program (CalCAP) Loan Loss Reserve** is a form of loan portfolio insurance which may provide up to 100% coverage on certain loan defaults made by participating CalCAP lenders.
  - CalCAP insures loans made to small businesses to finance the acquisition of land, construction or renovation of buildings, the purchase of equipment, other capital projects and working capital.
  - The maximum loan amount is \$5 million and the maximum enrolled amount is \$2.5 million. Each individual borrower is limited to a maximum \$2.5 million enrolled over a 3 year period.
  - Lenders set all the terms and conditions of the loans and decide which loans to enroll into CalCAP.
  - Lenders determine the premium levels to be paid by the borrower and lender (within the parameters of the Program).
  - Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule.
- **CalCAP Collateral Support** provides up to 40% coverage in the form of a cash deposit on eligible green and manufacturing loans and qualified small business loans between \$50,000 and \$250,000.
  - Most businesses and loan purposes are eligible. Loans \$50,000 to \$20,000,000. Up to 750 employees. From 20% to 50% of the loan amount in cash collateral deposit.
  - An additional 10% coverage will still be provided for loans where the borrower's business is located in a Severely Affected Community (SAC).
  - The maximum support amount for eligible green and manufacturing loans is \$2,500,000 per borrower and per loan, or \$500,000 for other small business loans.



# Small Business Loan Guarantee Program

- The **California Small Business Loan Guarantee Program (SBLGP)**, through *Financial Development Corporations*, most businesses and loan purposes are eligible.
  - When a business cannot otherwise qualify for a loan, the program provides lenders with the necessary security in the form of a loan guarantee.
  - Qualifications: Use of Proceeds must be used for small businesses located in the State of California. Borrower must show repayment ability.
  - Maximum Loan Amount: \$20 million
  - Up to \$2,500,000 guarantee for up to 7 years
  - Maximum Guarantee Percentage: 80%
  - Interest Rate: Market rate as negotiated between lender and borrower
  - Collateral: Business and personal assets (machinery, equipment, accounts receivables, inventory and real property)
  - Eligible uses of funds: Business start-up costs; working capital; inventory; franchise fees; business expansion; Lines of Credit; non-passive business real estate such as new construction and renovations; SBA 504 Bridge financing; as well as refinancing of existing business debt



# Industrial Development (Conduit) Revenue Bonds

- Industrial Development (Conduit) Revenue Bonds (IDBs) are tax-exempt securities issued up to **\$10 million** by a governmental entity to provide money for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities for private companies.
- IDBs can be issued by the I-Bank, local Industrial Development Authorities, or by Joint Powers Authorities.
- IDBs are governed by both federal and state laws



# Industrial Development (Conduit) Revenue Bonds

## Benefits of IDB Financing:

- **Low Interest Rates** - generally 20% to 30% below comparable commercial alternatives.
- **Long-Term Financing** - longer than conventional financing, often up to 30 years (but subject to the maturity limit stated above).
- **Comprehensive Funding** - funds can be used for construction and take-out financing for land, buildings and equipment, but cannot be used to refinance borrowings or costs incurred prior to issuer inducement resolution. While up to 100% of qualified costs may be funded, in most cases lenders or credit banks require a significant equity contribution.



# State Laws Supporting Local Economic Development

- Capital Investment Incentive Program
- Enhanced Infrastructure Finance Districts
- Community Revitalization and Investment Authorities



# Capital Investment Incentive Program

- **What is the Capital Investment Incentive Program?**

- Originally enacted in 1997 to enable local communities to attract large manufacturing facilities and to encourage industries, such as high technology, aerospace, automotive, biotechnology, software, environmental sources, and others, to locate and invest in those facilities in California
- In any county, city and county, or city in which the governing body has so elected, the county, city and county, or city shall, upon the approval by a majority of the entire membership of its governing body of a written request therefor, pay a capital investment incentive amount to the proponent of a qualified manufacturing facility for up to 15 consecutive fiscal years.

- **What is the benefit?**

“Capital investment incentive amount” means, with respect to a qualified manufacturing facility for a relevant fiscal year, an amount up to or equal to the amount of ad valorem property tax revenue allocated to the participating local agency, which excludes the revenue transfers required by Sections 97.2 and 97.3 of the Revenue and Taxation Code, from the taxation of that portion of the total assessed value of that real and personal property described in subparagraph (A) of paragraph (1) that is in excess of one hundred fifty million dollars (\$150,000,000).



# Capital Investment Incentive Program

- **Who is eligible?**

- A proponent whose initial investment in a “Qualified Manufacturing Facility” (QMF), in real and personal property, necessary for the full and normal operation of that facility, comprising any portion of that facility or has its situs at that facility, that exceeds one hundred fifty million dollars (\$150,000,000)
- As of 7/1/2015, any business described in Codes 3321 (Iron and Steel Forging) to 3399 (All Other Miscellaneous Manufacturing), inclusive, or Codes 541711 or 541712 of the 2012 North American Industry Classification System (NAICS)
- A business engaged in the recovery of minerals from geothermal resources, including the proportional amount of a geothermal electric generating plant that is integral to the recovery process by providing electricity for it.
- A business engaged in the manufacturing of parts or components related to the production of electricity using solar, wind, biomass, hydropower, or geothermal resources on or after July 1, 2010.



# Infrastructure Financing Districts

- New legislation provides local governments a new tool to assist in the economic development of their communities.
- EIFDs are empowered to provide financing for a broad range of infrastructure work, including works such as roads and highways, bridges, parking facilities, transit stations, sewage and water facilities, flood control and drainage projects, solid waste disposal, parks, libraries, and child care facilities.
- EIFDs may also finance other items including brownfield restoration and environmental mitigation, military base reuse projects, affordable housing, private industrial buildings, transit oriented development projects, and projects carrying out sustainable communities strategies.
- EIFDs are financed through tax increment generated from the growth in property taxes collected from the affected territory.



# Community Revitalization and Investment Authorities (CRIAs)

- This bill would authorize certain local agencies to form a community revitalization authority (authority) within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area.
- For purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. The bill would provide for the financing of these activities by, among other things, the issuance of bonds serviced by tax increment revenues, and would require the authority to adopt a community revitalization and investment plan for the community revitalization and investment area that includes elements describing and governing revitalization activities.



# Contact Information

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