Welcome

California Tax Credits & Grants
Growing Our Economy & Adding More Jobs



Diane L. Harkey Vice Chair, 4th District State Board of Equalization

In Partnership with:



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



California State Board of Equalization





Event Sponsors:





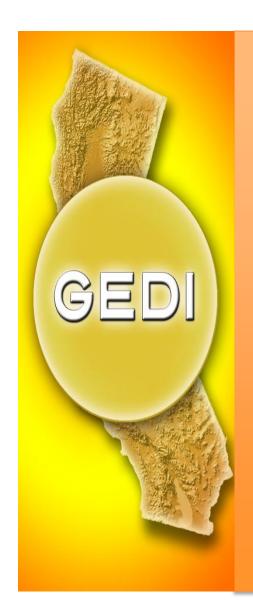


Sid Voorakkara

Senior Business Development Specialist, Governor's Office of Business and Economic Development

"Cal Compete & Employee Credit"





Briefing on Governor's Economic Development Initiative

Business Investment Services

Small Business Advocate

Permitting Assistance

Innovation (iHubs)

International
Trade and
Investment

WHAT IS GO-BIZ?



NEW EMPLOYMENT CREDIT



WHEN: Applicable for employees hired on or after Jan 1, 2014. Employer must have a net increase in jobs.



WHERE: Applies to businesses located in high unemployment and high poverty areas as well as former Enterprise Zones excluding wealthy areas, and former LAMBRAs



WHO: Persons unemployed 6 months, veterans within one year of separation, EITC recipients, ex-offenders and recipients of CalWorks or general assistance



HOW MUCH: Up to \$56,000 per employee (5-year total, 2,000 hours) based on wages above \$12 an hour & up to \$28 an hour (or above \$10 an hour base in limited pilot areas)

CA COMPETES TAX CREDIT



Flexible Income tax credit negotiated between GO-Biz and businesses that want to come to California or stay and grow in California



CC credit amount depends on several factors including number of jobs the business will create or retain, compensation paid to its employees, amount of investment in California and the business' economic impact here



No single business will receive more than 20% of the total amount available



25% of the credit must go towards small business. Which means we need LOCAL partners.

CA COMPETES TAX CREDIT San Diego City Examples

Information Technology

iBoss Underground Elephant

Maritime / Manufacturing

BAE Systems NASSCO QCMI

Craft Brewing

Modern Times
Council Brewing

CA COMPETES TAX CREDIT San Diego City Examples

Life Sciences

Ajinomoto

Pharmaceuticals

LCMS Solutions

Small Businesses

L.B. Powers & Son

Plumbing, Co.

Pantek Partners, LL

ADDITIONAL INCENTIVES AND PROGRAMS

Ibank (Infrastructure and Economic Development Bank)

Research and Development Tax Credits

Employment Training Panel
California Alternative Energy and
Advanced Transportation Financing
Authority (CAEATFA)





Jordan Marks, Esq.

District Director, California State Board of Equalization

"Manufacturing, Research & Development Partial Tax Exemption"



The Honorable

Diane L. Harkey

California State Board of Equalization
Board Member - Fourth District



"It is my honor to serve you and all the taxpayers of the Fourth District.

Businesses provide jobs for millions of Californians.

Through the hard work and ingenuity of our business community, billions of dollars in taxes are paid to help fund California's public safety, education, and transportation systems.

Thank you for doing business here in California, and for your contributions to our state's economy."



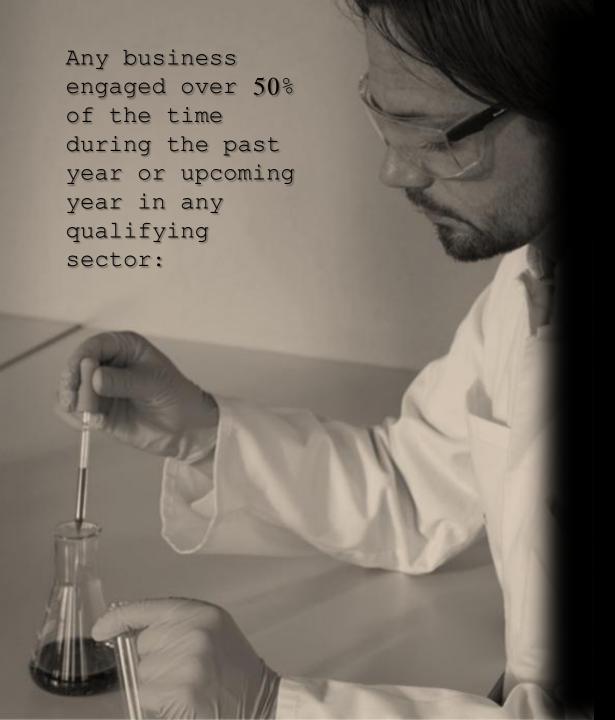
PARTIAL TAX EXEMPTION

State law (AB 93 and SB 90) allows manufacturers and some research and development businesses to receive a partial exemption of sales & use tax on qualifying purchases and leases. The law became effective July 1, 2014 and will remain in effect until July 31, 2022.

Is there a simple method for determining if I own a qualifying Business Iness

Businesses in the manufacturing, biotechnology, engineering, life science, or research & development sectors are assigned a North American Industry Classification System (NAICS) code between 3111-3399, 541711 or 541712. If your business NAICS code falls within the correct range, it is a qualifying business.





BUSINESS

- Research and development in biotechnology
- Research and development in the physical, engineering, or life <u>sciences</u>
- All forms of manufacturing

What determines whether my equipment will be a qualified Purchase

- Machinery, equipment used in manufacturing or R&D
- Devices used to operate or maintain equipment
- Computers, software and data-processing equipment
- Replacement parts with a useful life exceeding one year



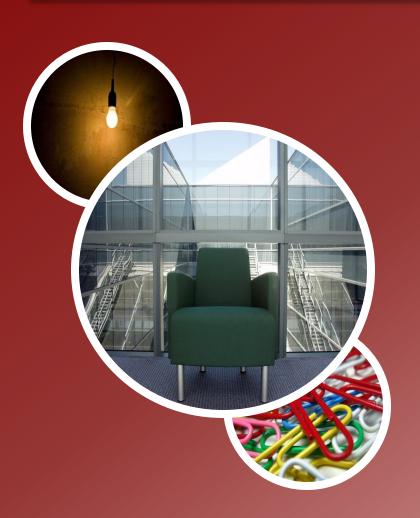
- Equipment used in pollution control to meet California pollution standards
- Structures used in manufacturing, processing, refining, fabricating, or recycling



For an entire building to qualify, no more than 33% of the building's usable volume can be utilized for non-qualifying purposes. However, in those instances where the entire building does not qualify, the portion of the building that is used for manufacturing may qualify.

QUALIFIED PURCHASE

Does NOT include:



- Consumables with a useful life of less than one year
- Furniture, inventory, and equipment used simply in the extraction and storage of finished product
- TPP used primarily in administration, general management, or marketing

QUALIFIED USE

Must be used more than 50 % of the time in one of the following manners:



- Manufacturing, processing,refining, fabricating or recycling
- Research and development
- Maintaining, repairing, measuring or testing of qualified TPP
- Contractor purchase on behalf of qualified person and use

QUALIFIED LEASES

Lease of qualified equipment is eligible under the same guidelines



Partial Exemption is available for all lease periods from July 1, 2014 through July 31, 2022 regardless of when lease agreement is initiated.

Proposition 30 expires on December 31, 2016 (reducing the state sales tax rate by .25% to 7.25%). The partial exemption rate will be reduced by 0.25% to 3.9375 percent resulting in a taxable amount of 3.3125 percent.

actual savings \$41.88

The actual dollar amount saved with the partial sales tax exemption is \$41.88 for every \$1,000.00 spent on qualified purchases or lease payments.

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How do I obtain the tax savings when making purchases that qualify for this

Exemption

There is no need to apply directly to the BOE for the *Manufacturing and Research & Development Equipment Partial Tax Exemption.* Just provide the seller with a timely, and complete Partial Exemption Certificate to obtain the reduced tax rate.

EXEMPTION CERTIFICATES

230M

BOARD OF EQUALIZATION

MANUFACTURING, RESEARCH AND DEVELOPMENT FOUIPMENT

Section 6377.1

This is a partial exemption from sales and use taxes at the rate of 4.1875% from July 1, 2014 to December 31, 2016, and at the rate of 3.9375% from January 1, 2017 to June 30, 2022. You are not relieved from your obligations for the remaining state tax and local and district taxes on this transaction. This partial exemption also applies to lease periods occurring on or after July 1, 2014 and before July 1, 2022, for leases of qualified tangible personal property even if the lease agreement was entered into prior to July 1, 2014.

I hereby certify that the tangible personal property described below and purchased or leased from:

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SILLIRSALISM	NES ADDRESS A	dread, cally, salein, aspir	code)			

is qualified tangible personal property and will be used by me primarily (please check one):

- 1. Tor manufacturing, processing, refining, fabricating, or recycling;
- for research and development:

PARTIAL EXEMPTION CERTIFICATE FOR

- 3. I to maintain, repair, measure, or test any property being used for (1) or (2) above; or
- as a special purpose building and/or foundation.

Description of qualified tangible personal property purchased or leased?

If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased. If you want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file.

I, as the undersigned purchaser, hereby certify I am primarily engaged in manufacturing, processing, refining, fabricating, or recycling as described in codes 3111 to 3309 in the North American Industry Classification System (NACS) or I am primarily engaged in biotochnology, or physical, engineering, and file sciences research and development as described in codes 54171 and 541712 of the

I understand that by law, I am required to report and pay the state tax (calculated on the sales price/rentals payable of the property) at the time the property is purchased, removed, converted, or used if:

- . the purchase exceeds the \$200 million limitation;
- . the property is removed from California within one year of the date of purchase or lease;
- . the property is converted for use in a manner not qualifying for the exemption; or
- . the property is used in a manner not qualifying for the partial exemption.

NAME OF PURCHASER	SIGNATURE OF PURCHASER, PURCHASER'S EMPLOYEE, OR AUTHORIZED REPRESENTATIVE
PRINTED NAME OF PERSON SIGNING	TILE
ADDRESS OF PURCHASER	
PERMIT NUMBER (Fyou are not required to hold a permit, explain why)	TELEPHONE NUMBER
TMAL ADDRESS OF PERSON SIGNING	()

230MC

CONSTRUCTION CONTRACTS-PARTIAL EXEMPTION CERTIFICATE FOR BOARD OF BQUALIZATION MIANUFACTURING, RESEARCH AND DEVELOPMENT EQUIPMENT This is a partial exemption from sides and usetaxes at the rate of 4.1875% from July 1, 2014 to December 31, 2015, and at the rate of 3.9375% from January 1, 2017 to June 30, 2022. You are not relieved from your obligations for the remaining state tax and local and district taxes on this transaction. I harably cartify that the tangible personal property described below and purchased from: OR LEGISLATION TO BE SEEN THE OBLE: WESOCK OUTDRESSOREHE SEXTREM, QUI coul) is qualified tangible personal property and will be used by me in the performance of a construction contract for a qualified person who will use that properly as an integral part of the manufacturing processing relining fabricating or recycling process, or as an esearch or storage facility for use in connection with those processes. Description of qualified tangible personal property purchased? If this is aspectic partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased. If you want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file. I further cartify I am performing a construction contract for a qualified person primarily engaged in manufacturing, processing, religing, fabricating or recycling as discribed in codes 3111 to 3399 in the North American Industry Classification System (NAICS)? or primarily engaged in biotechnology, or physical, engineering, and life sciences research and development as described in codes \$41711 and I understand that if I use the property for any purpose other than indicted above, I am required to report and pay the state tax measured by the sales price of the property to me. THE START COURSE twite the award countries of strategic and a country of the article and the award concerns and a gennement of the second section of the PERMIT NV INSER; (II) pou a re-mai require-allo holda permit, espisalment, i CHILL INCOCAN CERCENCIA MONTHO ¹ The Sales and Use Tax Department is making this sample form evaluation for industry's use. However, please note that the Board of Equalization (BOE) is prescribing the form of the certificate as part of Regulation 1636.4, which is pending adoption by the BCE and approved by the Office of Administrative Law, Until the regulation is adopted and approved, the form is output to change. ³ See Regulation 1626.4 (b)(9) for a description of what is included an devoluted from "qualified tangible personal property."

³ Official 2019 US ANYCS Missoral, U.S. Office of Menegement and Budget, 2012 edition.

The Sales and Use Tax Department is making this sample form available for industry's use. However, please note that the Board of Equalization (BOE) is prescribing the form of the certificate as part of Regulation 1952-5, which is pending adoption by the BOE and approval by the Office of Administrative Law, Until the regulation is adopted and approved, the torm is subject to change.

² See Regulation 1525.4 (bit0) for a description of what is included and excluded from "qualified fancible personal property."

Official 2012 US NAICS Manual, U.S. Office of Management and Budget, 2012 edition.



Each qualified business or combined reporting unit is limited to \$200 million in purchases subject to the *partial exemption* for each calendar year. Any unused portion does not carry over to following year.

ONLINE SERVICES

www.boe.ca.gov

- Online Verification of Seller's Permit
- Enhanced tutorials
- Email notification for tax filing
- Workshop & Seminar registration
- Publications for a variety of businesses & industries
- □ Frequently Asked Questions (FAQ's)
- Directory of BOE Offices
- Tax News, Special Notices
- Credit Card Payments
- Links to other useful online resources

TAXPAYER INFORMATION

- Taxpayer Information Section
 (general tax questions answered)
 1-800-400-7115
 Mon Fri, 8:00 a.m. to 5:00 p.m.
- 24 hr. fax-back service for commonly requested forms and publications to choose from automatically faxed back to you.



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Thank You

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Board Member, 4th District
State Board of Equalization

To Request a Presentation Contact:



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