GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

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

California Competes Tax Credit Application Workshop

Fiscal Year 2014-2015

This PowerPoint presentation should be used in conjunction with the California Competes Application Guide

Agenda

- Governor's Economic Development Initiative
- California Competes Tax Credit Program
- Application Deadlines and Process
- Application Guide
- Example
- Q&A

Governor's Economic Development Initiative (GEDI)

Hiring Tax Credit (New Employment Credit)

- Started January 1, 2014
- Administered by Franchise Tax Board
- FAQs at www.ftb.ca.gov

Manufacturing Partial Sales Tax Exemption

- Started July 1, 2014
- Administered by Board of Equalization
- FAQs at www.boe.ca.gov

California Competes Tax Credit

- Started March 2014
- Administered by GO-Biz

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
- Legislation signed by Governor Brown in September 2014 allows the credit to offset Alternative Minimum Tax (AMT)

Accountability:

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

California Competes Tax Credit (Continued)

Credit awards are based on 11 factors:

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

California Competes Tax Credit Availability

Tentative Amount of Credits Available:

- $151.1 million in fiscal year 2014/15
- $200 million in each fiscal year 2015/16 – 2017/18

Note:

- 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

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

Fiscal Year 2014-2015:

September 29, 2014 – October 27, 2014

- $45 million available

January 5, 2015 – February 2, 2015

- $75 million available

March 9, 2015 – April 6, 2015

- $31.1 million plus unallocated amounts from previous application periods

Notice of Application Periods

MEMORANDUM
GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT
(GO-BIZ)

DATE: **September 10, 2014**

TO: **GENERAL PUBLIC**

FROM: **Kish Rajan, Director**

RE: **NOTICE REGARDING CALIFORNIA COMPETES TAX CREDIT**

As provided for under Revenue and Taxation Code sections 17059.2, 18410.2, and 23689 and California Code of Regulations section 8020, I, Kish Rajan, as the Director of GO-Biz announce the following:

- **AVAILABLE CALIFORNIA COMPETES TAX CREDIT FOR FISCAL YEAR 2014-15**: $151.1 million

- **APPLICATION PERIODS:** For fiscal year 2014-15, applications for the California Competes Tax Credit will be accepted during the following periods:
  1. September 29, 2014, through October 27, 2014 ($45 million available)
  2. January 5, 2015, through February 2, 2015 ($75 million available)
  3. March 09, 2015, through April 6, 2015 ($31.1 million available plus any remaining unallocated amount)

- **COMMITTEE HEARINGS**: The California Competes Tax Credit Committee hearings will be held on the following dates:
  1. January 15, 2015
  2. April 16, 2015
  3. June 18, 2015

  Times and locations to be determined.[1]

- **FORM OF APPLICATION:** The application form for the California Competes Tax Credit is available on-line at www.calcompetes.ca.gov. All applications must be submitted on-line unless an applicant requests an alternative form as an accommodation. Any applicant that requests to submit an application through an alternative form must contact GO-Biz to coordinate submission. Note: GO-Biz assumes no liability for failure of an applicant to submit an application by the deadline due to computer errors, internet failures, or any other malfunctions. An application is only considered submitted upon receipt of a confirmation e-mail from GO-Biz.

Application Process

- Online application submission: https://www.calcompetes.ca.gov
- Notices and technical assistance: www.business.ca.gov/CalCompetes.aspx
- Unsuccessful applicants may resubmit applications in the next application period in the same fiscal year after updating the **Employees** and **Investment** sections and **Current Tax Year**
- All applications expire at the end of each fiscal year

Two Phase Evaluation Process

- Phase I is an automated process in which the applicant's requested tax credit, aggregate employee compensation, and aggregate investment are evaluated to determine a cost-benefit ratio (return on investment) for the state
- Phase II evaluates applicants based on eight additional factors including the Phase I ratio calculation

Note:

- Applications from small businesses will be compared to applications from other small businesses
- Applicants certifying that absent award of the credit the project will occur in another state will be moved to Phase II

Phase I Evaluation

Cost-Benefit Ratio:

$$\frac{\text{Amount of Credit Requested}}{\text{Aggregate Employee Compensation} + \text{Aggregate Investment}}$$

Note:

- 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

Phase II Evaluation

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

Note:
- Factors evaluated in no particular order

Agreements

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)

Milestones

	2013 Tax Year (Base)	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Total Statewide Taxpayer Full-time Employees (Determined on an annual full-time equivalent basis)							
Net Increase of Full-Time Employees Compared to Base Year							
New Full-Time Employee Minimum Annual Salary							
Cumulative Average Annual Salary of New Full-time Employees							
Investments							
Tax Credit Allocation							

This is an example of a California Competes Milestones Agreement form.

Post Committee Approval

GO-Biz is required to post on its website the following information:

- The name of each applicant awarded a credit
- The estimated amount of investment by each awardee
- The estimated number of jobs created or retained
- The amount of the credit allocated to the awardee
- The amount of the credit recaptured from the awardee, if applicable

Oversight / Accountability

Franchise Tax Board (FTB)

- Access to application and all documentation
- Will review books/records for agreement compliance unless the recipient is a small business
- 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 Application Guide

Fiscal Year 2014-2015

Key Definitions

General Definitions	
Small Business	Gross receipts of greater than zero ($0.00) and less than $2 million during the applicant's prior tax year.
Project	The applicant's proposed business venture that will result in increased employment / investments in California.
Base Year	The applicant's taxable year immediately preceding the taxable year in which the application is submitted.
Material Litigation	Is any litigation deemed significant to the applicant's financial health and required to be referenced in the applicant's annual audited financial statements, or would be the type of information that is reported to shareholders, members, or similar individuals, or would be deemed material information that an investor or person providing capital would deem material in making a financial decision regarding the applicant.

Key Definitions

Employment Definitions	
Full-time Employee	An individual paid wages for services in California of not less than an average of 35 hours per week.
Annual Full-time Equivalent	A method of accounting for full-time employees that worked (or will work) less than a full year during the applicant's taxable year.
Aggregate Employee Compensation	A method of accounting for salaries of full-time employees on an annual full-time equivalent basis for the current tax year plus four subsequent tax years.
Salary	Is the amount of monetary compensation a full-time employee is paid by the applicant per year and does not include tips, overtime, bonuses, benefits, or other compensation of any kind. When answering the questions that request the minimum and average salary of California full-time employees to be hired, use the salary the full-time employee(s) would make in a full year of employment, without regard to the projected date of hire.

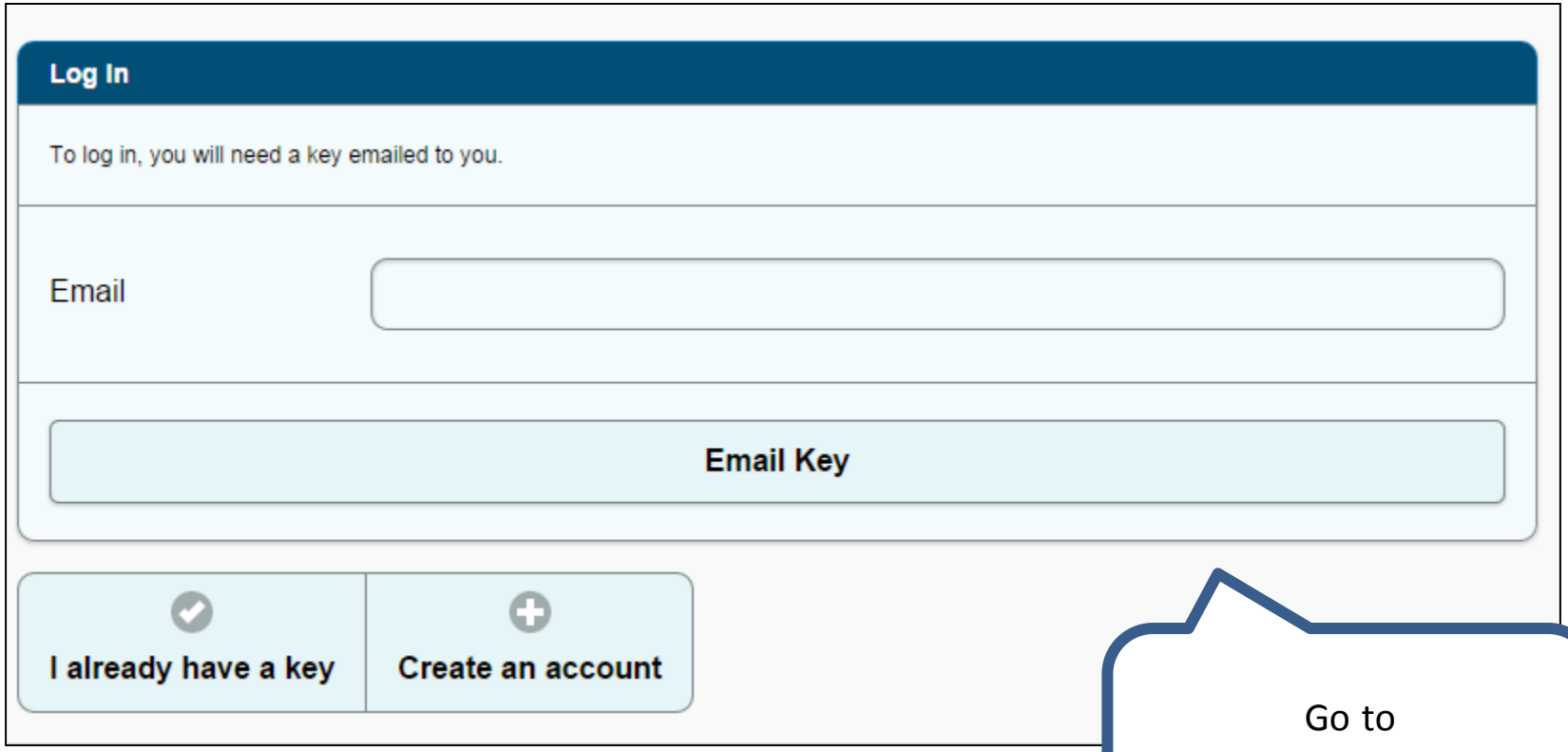
Key Definitions

Investment Definitions	
Investment	The amount paid for “real” and “personal” property directly related to the project.
Real Property	Is any property located in this state that is attached directly to land, as well as the land itself. It includes, but is not limited to all, land, structures, firmly attached and integrated equipment, anything growing on the land, and all other “interests” in the property which may be the right to future ownership, right to occupy for a period of time, or an easement across another's property. Real property also includes capitalized costs related to new construction, reconstruction, or expansion of buildings or structures which will be used in the applicant's trade or business in connection with the project and are subject to depreciation.
Personal Property	Is property that is tangible, movable property, including, but not limited to, vehicles, movable fixtures, equipment, electronic devices, intangible property, including, but not limited to, software licenses, intellectual property acquired in connection with the project that has a quantifiable value, and other business assets which are subject to depreciation.

Documents Needed

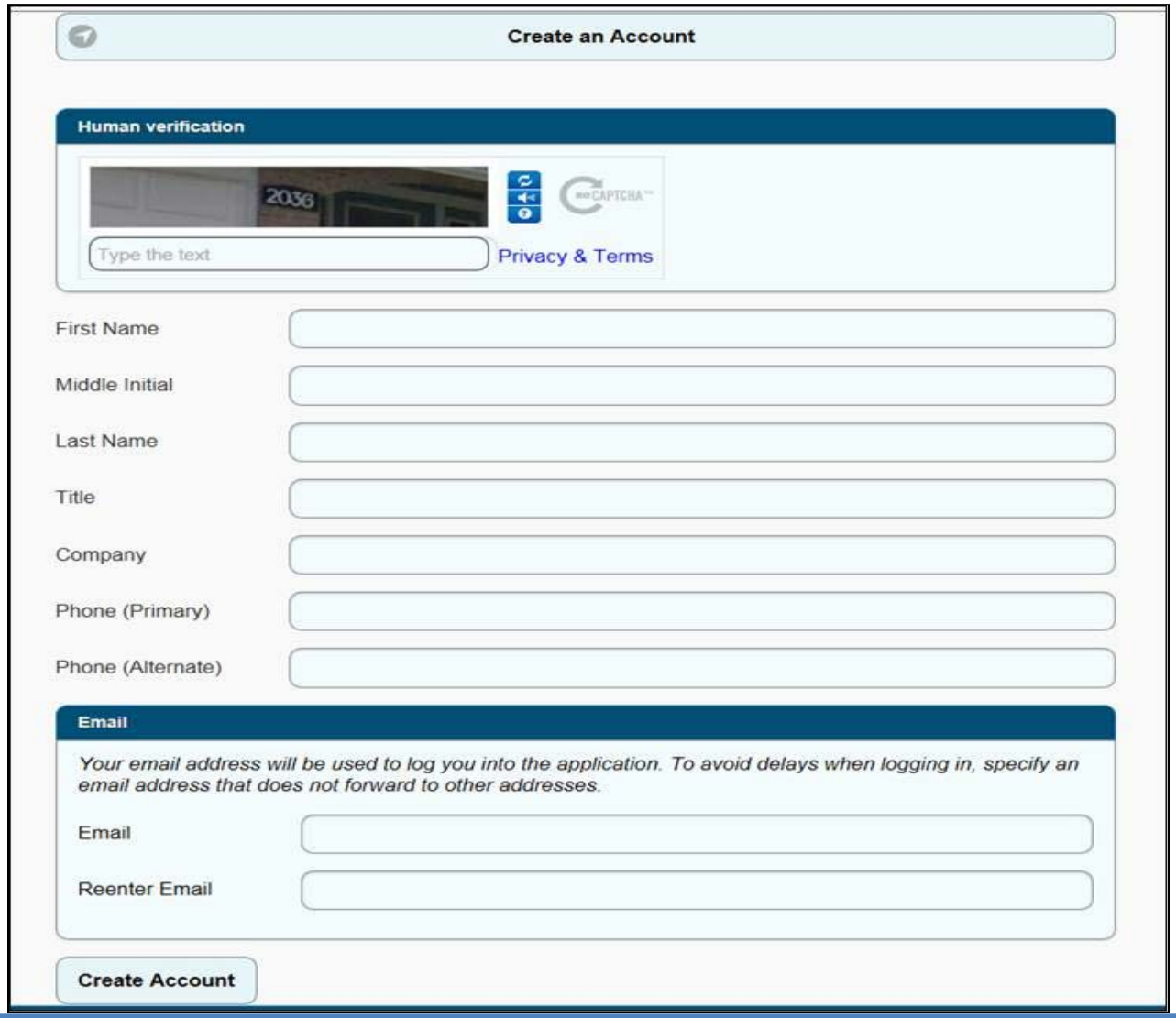
- Payroll records for full-time employees employed by the applicant in its prior tax year
- Projected number, dates, and salaries for new full-time employees in the applicant's current and four subsequent tax years as well as employee attrition projections or known future reductions of full-time employees
- Projected investments of "real" and "personal" property related to the project that the applicant will purchase or lease after the deadline to submit an application during the application period
- Costs or value of the proposed investments – while costs are not broken out in Phase I, the applicant will be asked for a breakdown of investment expenditures in Phase II (if the application is moved to the second evaluation phase)

Creating an Account

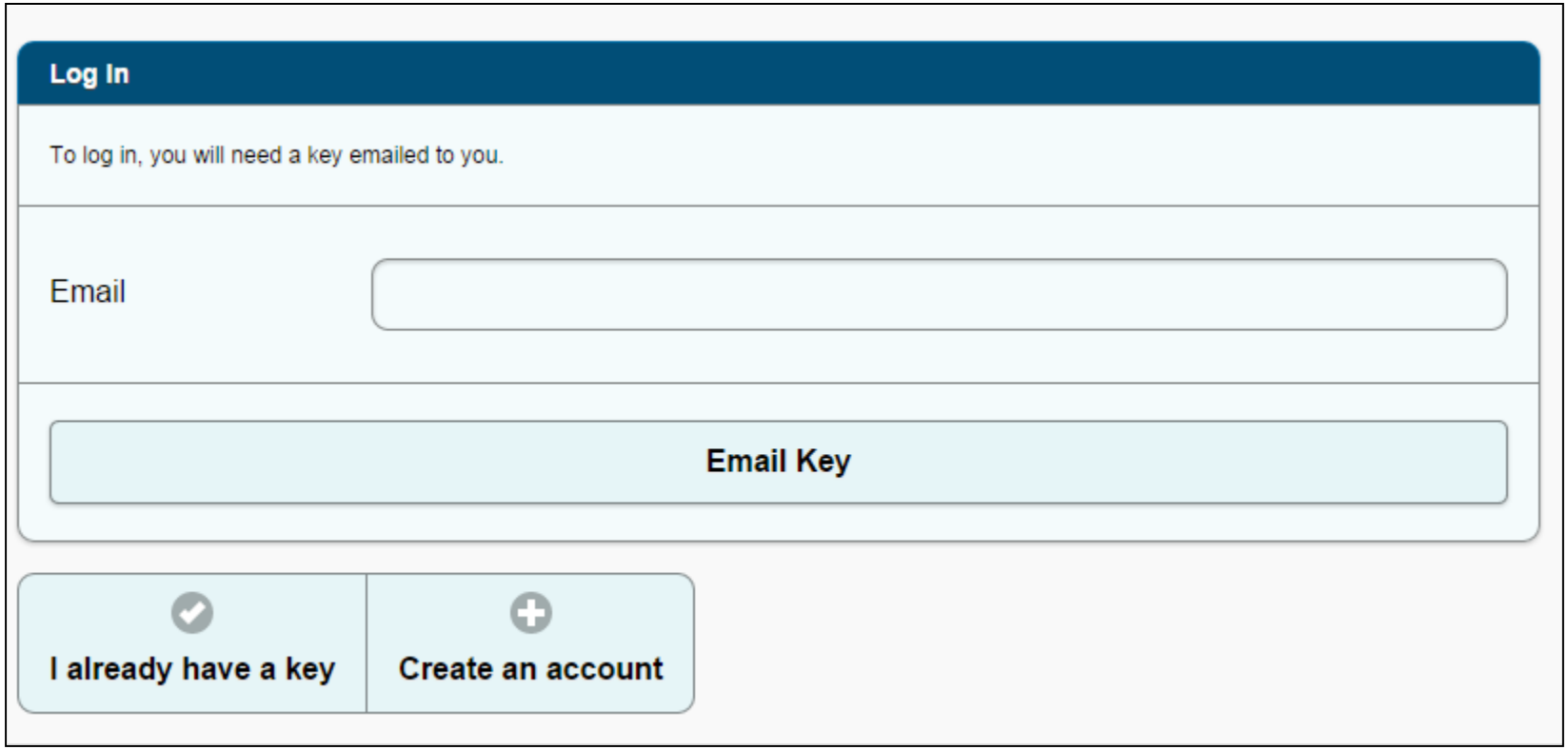


Go to
www.calcompetes.ca.gov
to create an account

Creating an Account (Continued)



Login


Log In
To log in, you will need a key emailed to you.
Email
Email Key
I already have a key
Create an account

Login (Continued)

Subject: Cal Competes Login

(This information will expire 30 minutes after it is sent.)

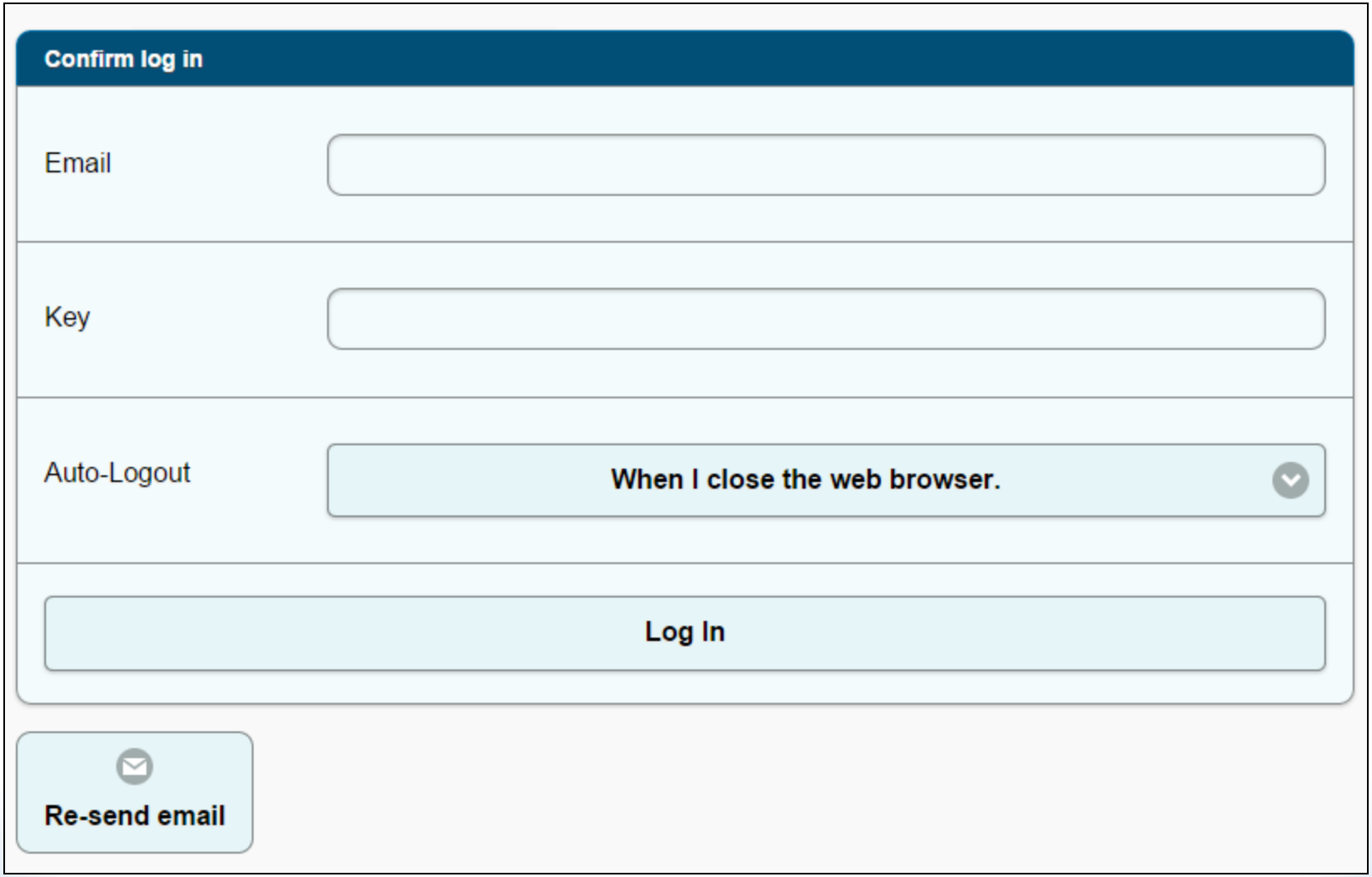
Use this key to log in.

238257

Or just click on this link to log in

https://www.calcompetes.ca.gov/Public/Auth.aspx?id=3-hClslLFtSBtjwhhMgrE9LMK5XealLjBlEO3TZNL3hhdx8HEhib0Ux2F35HbRJlAYB12sv1yXWVX493PDmeM4Y

Login (Continued)



Creating an Application

Welcome to
California Competes Tax Credit

Start

- Create a New Application
- My Applications

Creating an Application (Continued)

Applicant's Legal Name

Applicant's Current Taxable Year (As of 10/27/2014)

(Select a Year)

Accounting Period End Date

(Select an Accounting Period)

Accounting Period End Date (If Other)

Create Application

The Application

Sections	
Contact Information	Not Started
Business Information	Not Started
Business Structure	Not Started
Proposed Project	Not Started
Project Locations	Not Started
Employees	Not Started
Investment	Not Started
Ownership	Not Started
Incentives and Programs	Not Started
Litigation and Violations	Not Started
Consultant Questions	Not Started

Submit | Options | Report | Files

Contact Information

Add Contact

First Name

Last Name

Email

Confirm Email

Title

Phone

Address

Contact Relationship

Other Relationship

This is the primary contact and is the person autorized to speak and negotiate on behalf of the applicant with GO-Biz.

Note: If the primary contact is not the applicant or an employee of the applicant, please add an additional contact that is the applicant or an employee of the applicant.

Add Contact | **Cancel**

Multiple contacts can be added. The primary contact will receive communication from GO-Biz regarding the status of the application.

Business Information

Business Information

Applicant's Legal Name	
Applicant's Worldwide Gross Receipts in 2013 Tax Year	
Federal Employer Identification Number (xx-xxxxxxx)	xx-xxxxxxx
California Taxpayer Identification Number	
Secretary Of State Entity Number (Cxxxxxxx OR [Year]xxxxxxxx)	Cxxxxxxx OR [Year]xxxxxxxx
Year Business Established	

FEIN, California Taxpayer ID and SOS Entity Number can be left blank if a company does not have this information.

Business Information (Continued)

Primary Place of Business

Address Line 1

Address Line 2

City

US State

US Zip Code

Country

Non-US Territory

Non-US Postal Code

Applicant's Primary NAICS Code

Proposed Project NAICS Code

Click here for NAICS info

Save | **Complete** | **Cancel**

Visit the NAICS Website to identify primary business and proposed project classification.

Business Information (Continued)

U.S. Department of Commerce | Blogs | Index A-Z | Glossary | FAQs

United States Census Bureau

Search

Topics — Population, Economy | Geography — Maps, Geographic Data | Library — Infographics, Publications | Data — Tools, Developers | About the Bureau — Research, Surveys | Newsroom — News, Events, Blogs

You are here: Census.gov › Business & Industry › NAICS

North American Industry Classification System

Main | History | Development Partners | Federal Register Notices | NAPCS | FAQs

NAICS Search:

Enter keyword or 2-6 digit code

2012 NAICS Search

Enter keyword or 2-6 digit code

2007 NAICS Search

Enter keyword or 2-6 digit code

2002 NAICS Search

Downloads/Reference Files/Tools

Introduction to NAICS

The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

NAICS was developed under the auspices of the Office of Management and Budget (OMB), and adopted in 1997 to replac ustrial Classification (SIC) system. It was developed jointly by the U.S. Economic Classification Policy Committee (ECPC), Statistics Canada, and Mexico's Instituto Nacional among the North American countries.

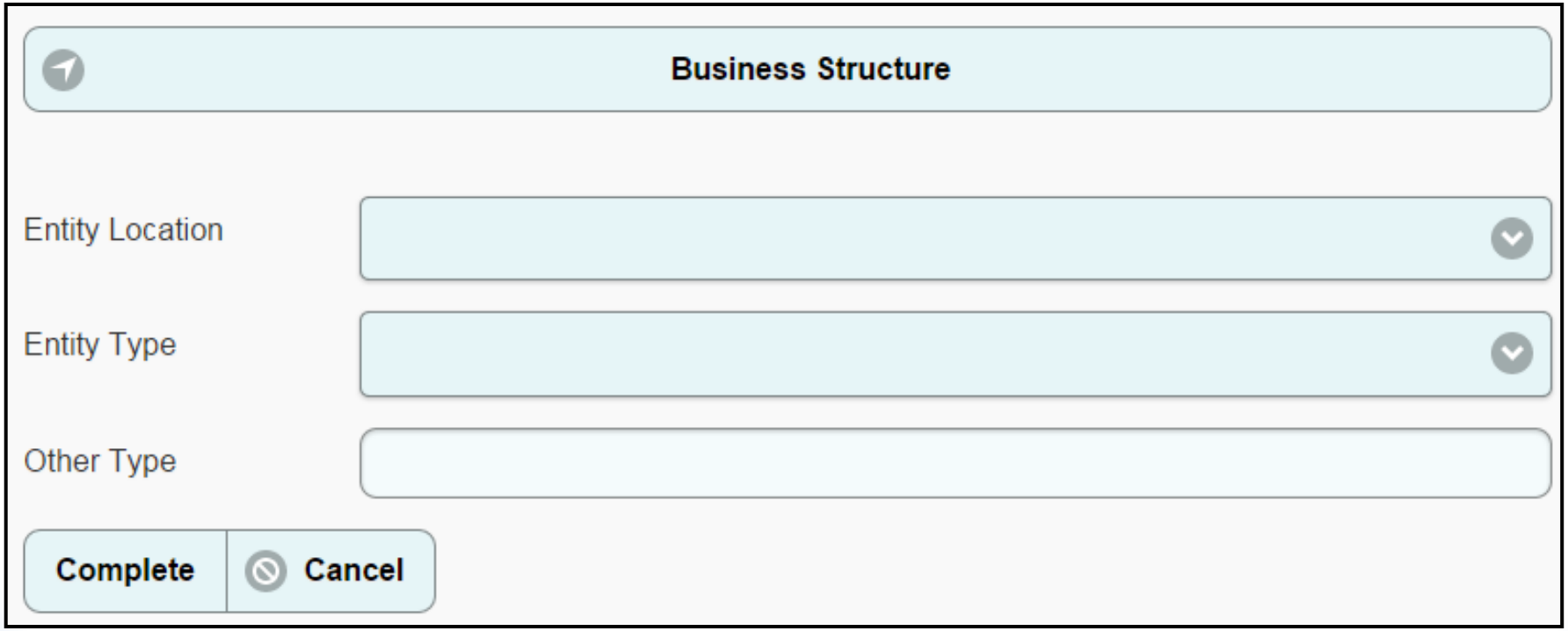
This official U.S. Government Web site provides the latest information on plans for NAICS revisions, as

The official 2012 U.S. NAICS Manual includes definitions for each industry, background information, tab Manual is available in print and on CD-ROM from the National Technical Information Service (NTIS) at (are available.

Additional information on the background and development of NAICS is available in the History section

Applicant should choose the NAICS code that most accurately describes its business. The applicant's primary and proposed NAICS codes can be different depending on the nature of the proposed project.

Business Structure



Business Structure (Continued)

Entity Type: US S Corporation

Is the company publicly traded? No

Is the applicant incorporated in California or qualified with the California Secretary of State to transact intrastate business in California? Yes

State of Incorporation

Complete | Cancel

Proposed Project

Proposed Project

Please provide a brief summary of the proposed project (7000 characters)

Implementation Date *(mm/yyyy)*

mm/yyyy

Please select the best description of the proposed project:

- **This is a growth project for an applicant located in California.**
- **This is a project for an out-of-state applicant coming to Calif**
- **This project is a relocation within California.**
- **This project is a California retention only project.**

Will the project occur in another state if the applicant is not awarded the California Competes Tax Credit?

Will the applicant terminate all or a portion of its employees in California, or relocate all or a portion of its employees in California to another state if the applicant is not awarded the California Competes Tax Credit?

Note: Retention only projects and applicants answering yes to either of the two questions above will need to submit in Phase II a declaration signed by the applicant's Chief Executive Officer, President, Chief Financial Officer or equivalent officer or representative that states "absent award of the California Competes Tax Credit, the project will occur in another state or the applicant will terminate all or a portion of its employees in California or relocate all or a portion of its employees in California to another state."

The applicant should describe the proposed business venture, investment, or expansion in California here. The 7000 characters includes letters, numbers, spaces, and punctuations.

Proposed Project (Continued)

Is all or a portion of the applicant's proposed increase of employees or investment due to an acquisition of, or merger with, another business?

Is all or a portion of the applicant's proposed increase of employees due to an employee leasing arrangement with another business?

Is all or a portion of the applicant's proposed increase of employees due to a reclassification of independent contractors or conversion of employees employed by any type of temporary services provider?

Is all or a portion of the applicant's proposed increase of employees due to a transfer of employees from a "controlled group of corporations" (as defined in Revenue and Taxation Code section 23626) in which the applicant is a member?

Is all or a portion of the applicant's proposed investment due to a conversion from a lease to a purchase or vice versa of real or personal property it already controls or has already acquired?

Total Amount of California Competes Tax Credit Requested ($)

(From $20,000 to $30,220,000)

Save | **Complete** | **Cancel**

Proposed Locations

Project Location

Address Line 1

Address Line 2

City

State **California Only**

US Zip Code

This is the primary location

Add Project Location | **Cancel**

If the project location is unknown, the applicant can put “unknown” in the address and city lines and insert “00000” in the Zip Code.

If there is more than one location, the user should identify the location with the most increases to employment and investment as the primary location.

Employees

Employees

1. Existing number of full-time employees in California

2. Existing number of part-time employees in California

3. Existing number of full-time employees in the US

4. Existing number of part-time employees in the US

5. Number of California full-time employees that were hired and that hired in the applicant's 2014 tax year

6. Minimum annual salary of California full-time employees that were hired and that will be hired in the applicant's 2014 tax year

7. Average annual salary of California full-time employees that were hired and that will be hired in the applicant's 2014 tax year

8. Number of California full-time employees that will be hired in the applicant's 2014 tax year after 10/27/2014

9. Number of California full-time employees that will be hired in the applicant's 2015 tax year

The applicant will need payroll records from the taxable year immediately before the applicant's taxable year in which the application is submitted.

Employees (Continued)

10. Minimum annual salary of California full-time employees that will be hired in the applicant's 2015 tax year

11. Average annual salary of California full-time employees that will be hired in the applicant's 2015 tax year

12. Number of California full-time employees that will be hired in the a 2016 tax year

13. Minimum annual salary of California full-time employees that will b in the applicant's 2016 tax year

14. Average annual salary of California full-time employees that will b the applicant's 2016 tax year

15. Number of California full-time employees that will be hired in the applicant's 2017 tax year

16. Minimum annual salary of California full-time employees that will be hired in the applicant's 2017 tax year

17. Average annual salary of California full-time employees that will be hired in the applicant's 2017 tax year

May be helpful to have a spreadsheet listing anticipated new hires by classification, hourly/salary, wage, and anticipated start date(s).

Employees (Continued)

18. Number of California full-time employees that will be hired in the applicant's 2018 tax year	
19. Minimum annual salary of California full-time employees that will be hired in the applicant's 2018 tax year	
20. Average annual salary of California full-time employees that will be hired in the applicant's 2018 tax year	
21. Has the applicant previously been awarded a California Competes Tax Credit?	

Employees (Continued)

Base Year Calculation

22. Number of hourly full-time employees the applicant employed in California for 1,750 hours or more during the applicant's 2013 tax year	
23. Number of salaried full-time employees the applicant employed in California for 50 weeks or more during the applicant's 2013 tax year	
24. Number of hourly full-time employees the applicant employed in California for less than 1,750 hours during the applicant's 2013 tax year	
25. Total number of hours worked by the employees in question 24	
26. Number of salaried full-time employees the applicant employed in California for less than 50 weeks during the applicant's 2013 tax year	
27. Total number of weeks worked by the employees in question 26	
Number of full-time employees the applicant employed in the base year, determined on an annual full-time equivalent basis.	**0**

Employees (Continued)

2014 Tax Year

28. Number of hourly full-time employees the applicant will employ in C
for 1,750 hours or more during the applicant's 2014 tax year

29. Number of salaried full-time employees the applicant will employ in
California for 50 weeks or more during the applicant's 2014 tax year

30. Number of hourly full-time employees the applicant will employ in California
for less than 1,750 hours during the applicant's 2014 tax year

31. Total number of hours that will be worked by the employees in question 30

32. Number of salaried full-time employees the applicant will employ in
California for less than 50 weeks during the applicant's 2014 tax year

33. Total number of weeks that will be worked by the employees in question 32

Number of full-time employees the applicant will employ in the 2014 tax year, **0**
determined on an annual full-time equivalent basis.

Note: The following questions will be repeated in the application for four subsequent tax years.

Investment

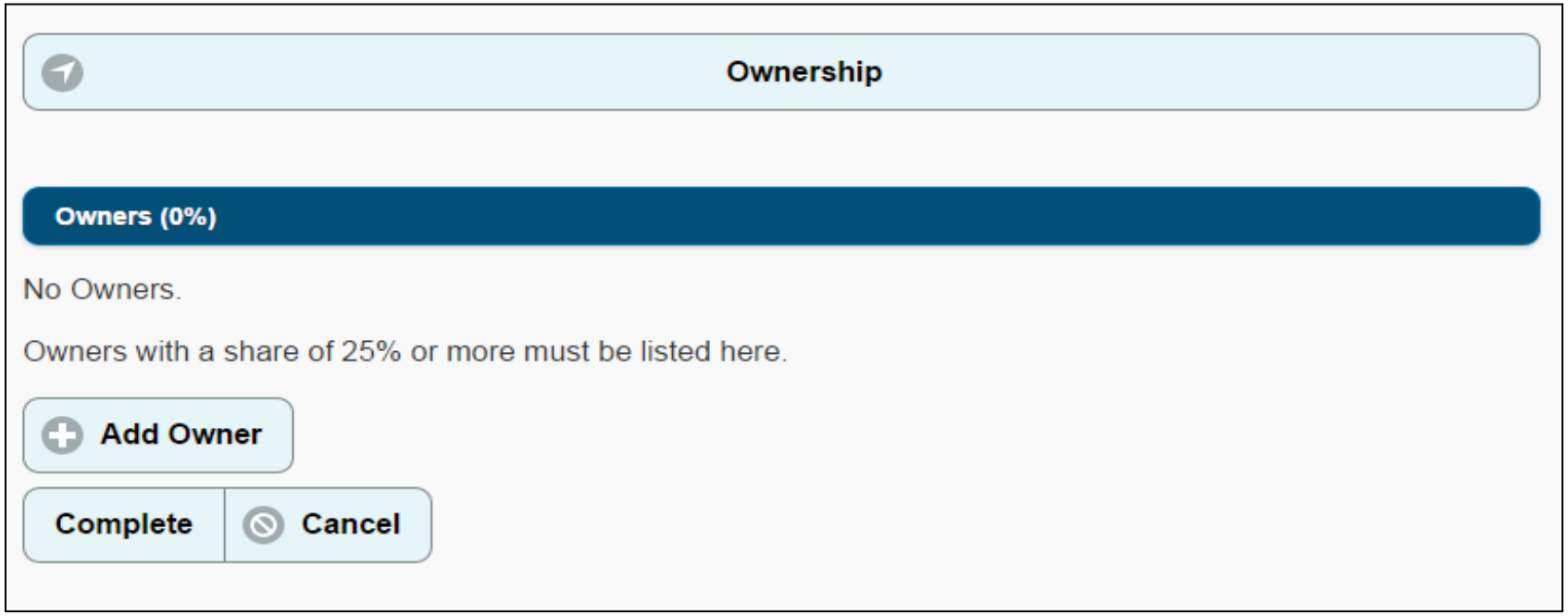
Investment

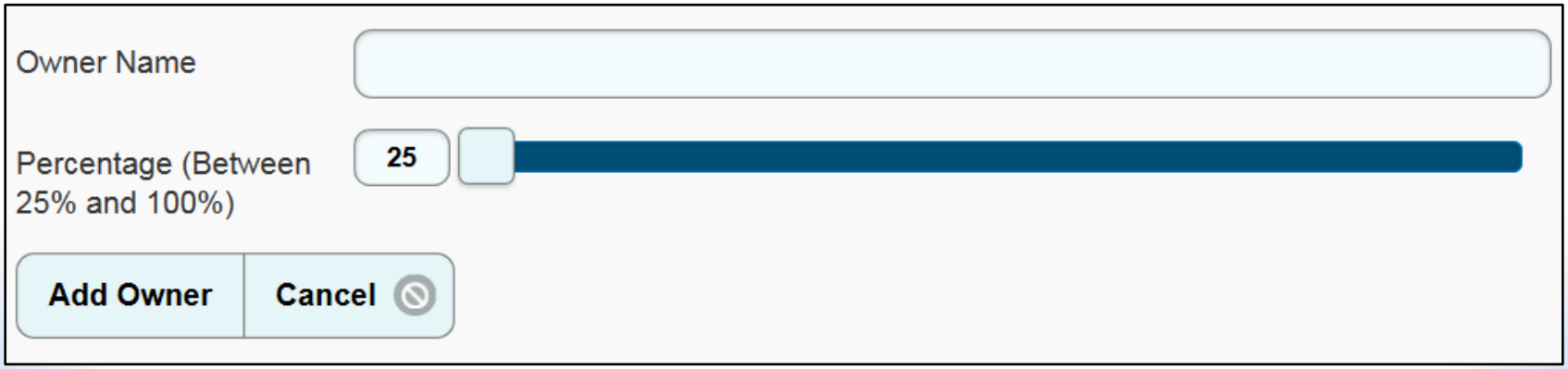
Applicants who were previously awarded a California Competes Tax Credit must exclude any investments that were included in their approved California Competes Tax Credit Agreement.

Amount of Investment after 10/27/2014 for applicant's 2014 Tax Year	
Amount of Investment for applicant's 2015 Tax Year	
Amount of Investment for applicant's 2016 Tax Year	
Amount of Investment for applicant's 2017 Tax Year	
Amount of Investment for applicant's 2018 Tax Year	
Aggregate Investment	**$0**

Save | **Complete** | **Cancel**

Ownership


Ownership
Owners (0%)
No Owners.
Owners with a share of 25% or more must be listed here.
Add Owner
Complete
Cancel


Owner Name
Percentage (Between 25% and 100%)
25
Add Owner
Cancel

Incentives and Programs

Incentives and Programs

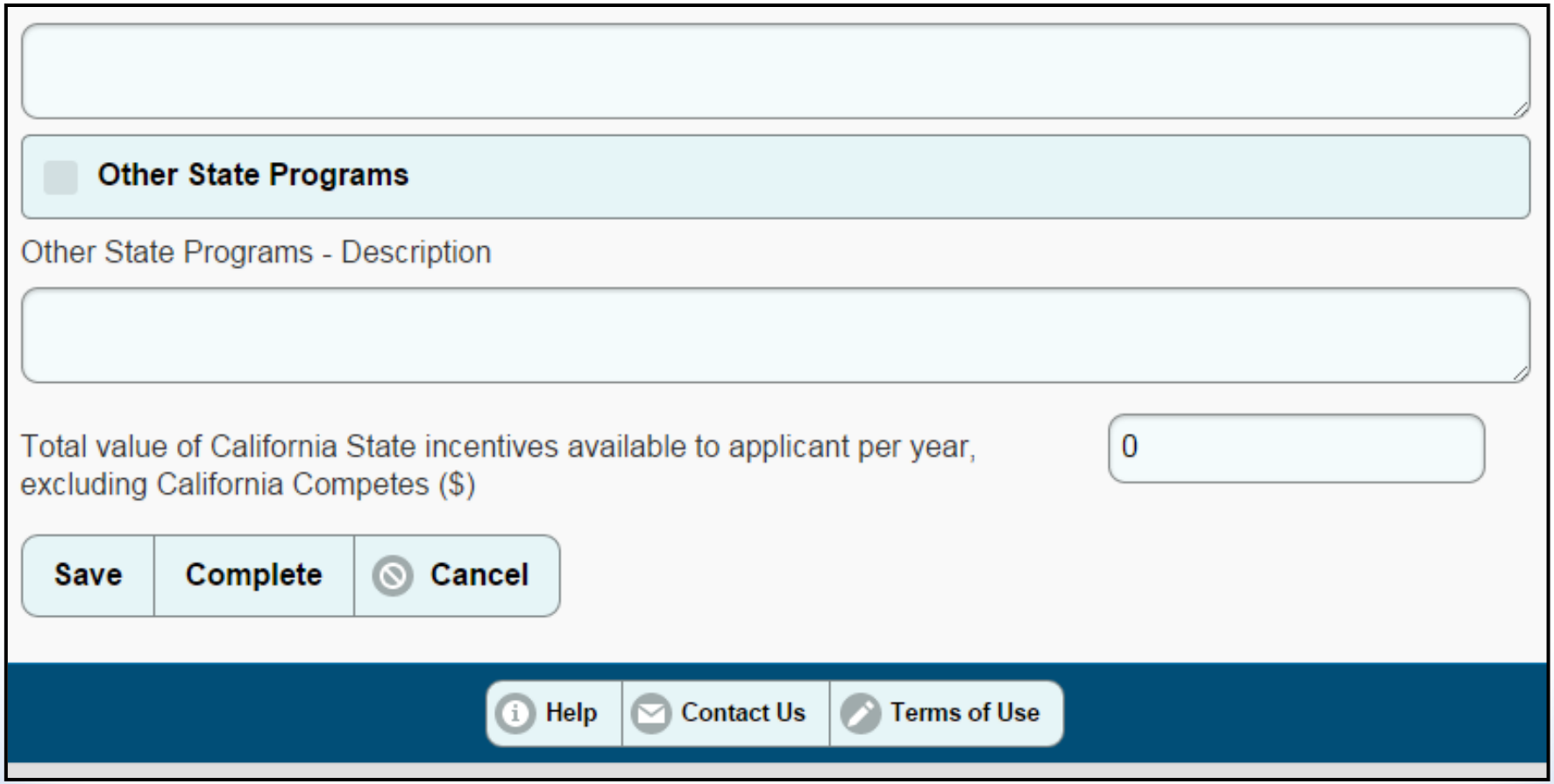
- [ ] **California Alternative Energy and Advanced Transportation Financing Authority (State Treasurer's Office)**
- [ ] **Employment Training Panel (Labor and Workforce Development Agency)**
- [ ] **Utility Economic Development Rate (Regional Utility Company)**
- [ ] **Local Programs**

Local Programs - Description

- [ ] **New Employment Credit (Franchise Tax Board)**
- [ ] **Sales and Use Tax Exemption (Board of Equalization)**
- [ ] **Federal Programs**

Federal Programs - Description

Incentives and Programs (Continued)



Litigation and Violations

Litigation and Violations

Is the applicant or any person or entity with a 25% or greater ownership interest in the applicant currently involved in any material litigation?

Describe material litigation (6000 characters)

Is there any pending or resolved California Environmental Quality Act litigation relating to the applicant's project?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant been involved in any state or federal labor law violation, citation, fine, or penalty?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant been involved in any state or federal occupational safety and health violation, citation, fine, or penalty?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant been involved in any state or federal environmental (including but limited to air, water, and ground) violation, citation, fine, or penalty?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant had any California, any other state, or federal tax lien recorded against them?

Consultant Questions

Consultant Questions

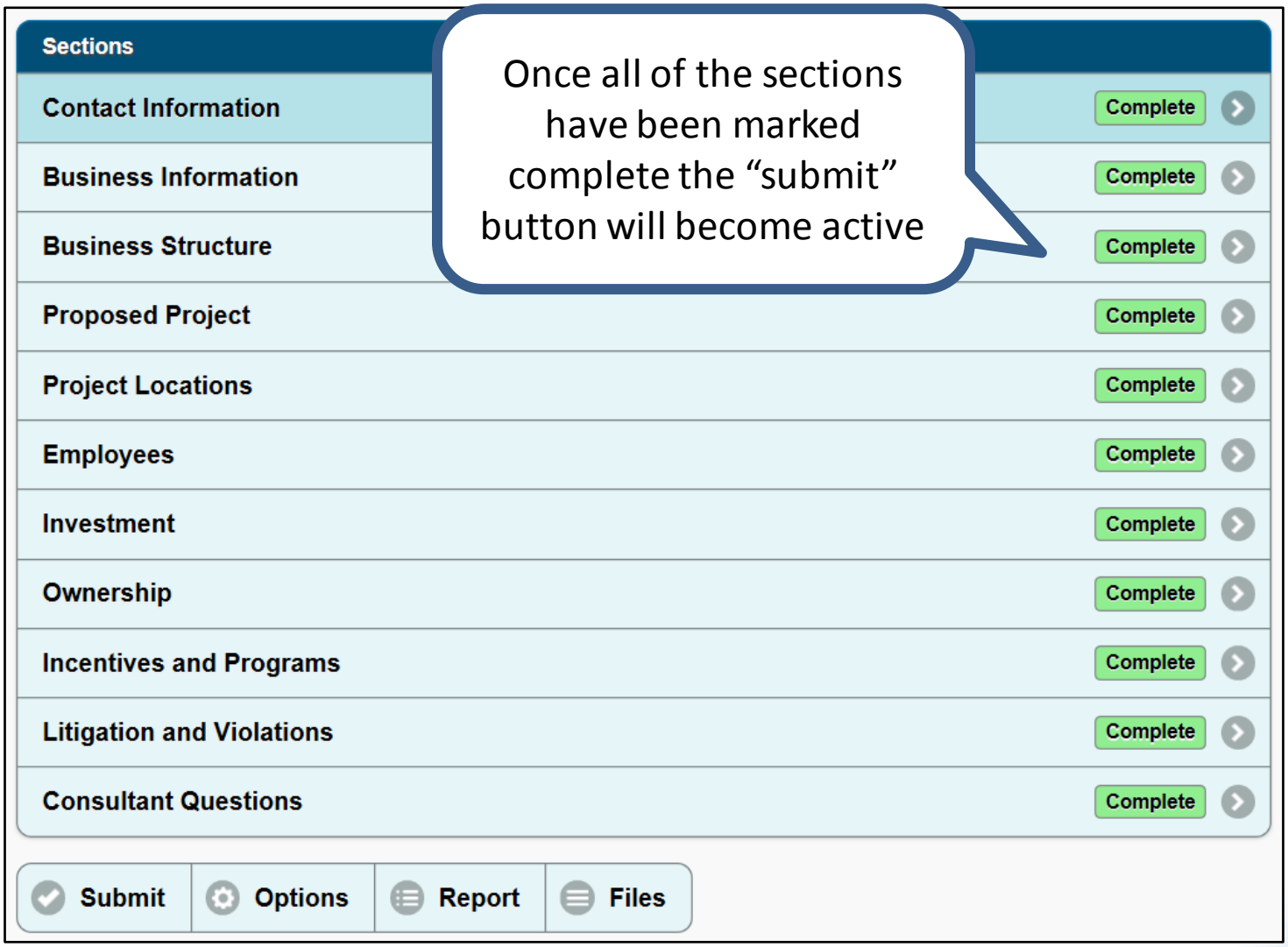
Did a consultant, attorney, tax practitioner or any other third party prepare or submit this application for a fee, or provide any services related to this application or the California Competes Tax Credit for a fee?

Description of contingency arrangement:

Cost of services for consultant, attorney, tax practitioner or any other third party preparing or submitting this application, or providing any services related to this application or the California Competes Tax Credit: ($)

Save | **Complete** | **Cancel**

Submitting the Application



Once all of the sections have been marked complete the "submit" button will become active

Submitting the Application (Continued)

Submit Application

By clicking the SUBMIT button, you are certifying the information is complete and accurate and that you have the authority to file this application on behalf of the applicant. GO-Biz may request to see a power of attorney or the equivalent, but is under no obligation to conduct any due diligence or investigation to confirm that proper authority has been established. Further, by clicking the SUBMIT button, you agree that the person designated as the primary contact in the Contact Information section is the responsible representative for the applicant and GO-Biz will speak and negotiate directly with this person. Additionally, the e-mail address listed for the person designated as the primary contact in the Contact Information section is the authorized e-mail address and the owner of that e-mail address is responsible for receipt of GO-Biz communications sent to that e-mail address. GO-Biz is not responsible for any e-mail not received due to the recipient's security or anti-spam software, or any problems within the recipient's e-mail system. All information collected by GO-Biz is subject to the California Public Records Act (PRA) although certain information, such as trade secrets, financial information and other proprietary information may be exempt from a PRA request. The applicant should submit a separate cover letter to identify any information that it specifically desires to keep as confidential and GO-Biz will ensure its confidentiality to the extent permitted by law. In the event of a PRA request, GO-Biz shall notify the applicant at least five (5) business days prior to the release of such information in order to allow the applicant to seek an injunction, as applicable, unless a court order or the equivalent prevents such timely notice.

I agree to the conditions above.

If not awarded the California Competes Tax Credit, does the applicant want to be contacted by a member of the GO-Biz team to learn about other economic development incentives that may be available?

Submit Application

Confirmation Email

Subject: Your application was submitted

SUCCESS! Your California Competes Tax Credit application has been received by the Governor's Office of Business and Economic Development (GO-Biz). Please retain this e-mail for your records. Applicants that are moving onto Phase II, will be contacted by GO-Biz and further information as set forth in Title 10, Section 8030(g) of the California Code of Regulations will be requested.

Sample Application

- Applicant is a small business
- Currently has 5 full-time employees and 2 part-time employees
- Will hire 3 full-time hourly employees in 2015 that are anticipated to work 875 hours each that year and at least 1750 hours/year thereafter ($40,000 annually)
- Will hire 1 full-time salaried employee 1/2016 ($80,000 annually)
- $100,000 investment in manufacturing equipment in 2015
- $75,000 investment in 3 delivery vehicles in 2016

Project Description

Proposed Project

Please provide a brief summary of the proposed project (7000 characters)

We are a small widget manufacturer located in the city of Anonymous. For the last five years, we have steadily increased our customer base. We have started getting orders from customers in neighboring counties and need to expand our manufacturing and delivery capacity. Award of this credit will enable us to purchase more efficient manufacturing equipment and three new delivery vehicles. Tied to this investment, we will hire three full-time hourly employees and a full-time salaried manager.

Implementation Date *(mm/yyyy)*

2015-05

Please select the best description of the proposed project:

- (●) **This is a growth project for an applicant located in California.**
- ( ) **This is a project for an out-of-state applicant coming to California.**
- ( ) **This project is a relocation within California.**
- ( ) **This project is a California retention only project.**

Project Description (Continued)

Will the project occur in another state if the applicant is not awarded the California Competes Tax Credit?	No
Will the applicant terminate all or a portion of its employees in California, or relocate all or a portion of its employees in California to another state if the applicant is not awarded the California Competes Tax Credit?	No

Note: Retention only projects and applicants answering yes to either of the two questions above will need to submit in Phase II a declaration signed by the applicant's Chief Executive Officer, President, Chief Financial Officer or equivalent officer or representative that states "absent award of the Californi Competes Tax Credit, the project will occur in another state or the applicant will terminate all or a porti of its employees in California or relocate all or a portion of its employees in California to another state.

Is all or a portion of the applicant's proposed increase of employees or investment due to an acquisition of, or merger with, another business?	No
Is all or a portion of the applicant's proposed increase of employees due to an employee leasing arrangement with another business?	No
Is all or a portion of the applicant's proposed increase of employees due to a reclassification of independent contractors or conversion of employees employed by any type of temporary services provider?	No

Project Description (Continued)

Is all or a portion of the applicant's proposed increase of employees due to a transfer of employees from a "controlled group of corporations" (as defined in Revenue and Taxation Code section 23626) in which the applicant is a member?

No

Is all or a portion of the applicant's proposed investment due to a conversion from a lease to a purchase or vice versa of real or personal property it already controls or has already acquired?

No

Total Amount of California Competes Tax Credit Requested ($)

40000

Complete **Cancel**

Employees

Employees

1. Existing number of full-time employees in California	5
2. Existing number of part-time employees in California	2
3. Existing number of full-time employees in the US	5
4. Existing number of part-time employees in the US	2
5. Number of California full-time employees that were hired and that will be hired in the applicant's 2014 tax year	0
6. Minimum annual salary of California full-time employees that were hired and that will be hired in the applicant's 2014 tax year	0
7. Average annual salary of California full-time employees that were hired and that will be hired in the applicant's 2014 tax year	0
8. Number of California full-time employees that will be hired in the applicant's 2014 tax year after 10/27/2014	0

Employees (Continued)

9. Number of California full-time employees that will be hired in the applicant's 2015 tax year	3
10. Minimum annual salary of California full-time employees that will be hired in the applicant's 2015 tax year	40000
11. Average annual salary of California full-time employees that will be hired in the applicant's 2015 tax year	40000
12. Number of California full-time employees that will be hired in the applicant's 2016 tax year	1
13. Minimum annual salary of California full-time employees that will be hired in the applicant's 2016 tax year	80000
14. Average annual salary of California full-time employees that will be hired in the applicant's 2016 tax year	80000

Employees (Continued)

15. Number of California full-time employees that will be hired in the applicant's 2017 tax year	0
16. Minimum annual salary of California full-time employees that will be hired in the applicant's 2017 tax year	0
17. Average annual salary of California full-time employees that will be hired in the applicant's 2017 tax year	0
18. Number of California full-time employees that will be hired in the applicant's 2018 tax year	0
19. Minimum annual salary of California full-time employees that will be hired in the applicant's 2018 tax year	0
20. Average annual salary of California full-time employees that will be hired in the applicant's 2018 tax year	0
21. Has the applicant previously been awarded a California Competes Tax Credit?	**No**

Employees (Continued)

Base Year Calculation

22. Number of hourly full-time employees the applicant employed in California for 1,750 hours or more during the applicant's 2013 tax year	5
23. Number of salaried full-time employees the applicant employed in California for 50 weeks or more during the applicant's 2013 tax year	0
24. Number of hourly full-time employees the applicant employed in California for less than 1,750 hours during the applicant's 2013 tax year	0
25. Total number of hours worked by the employees in question 24	0
26. Number of salaried full-time employees the applicant employed in California for less than 50 weeks during the applicant's 2013 tax year	0
27. Total number of weeks worked by the employees in question 26	0
Number of full-time employees the applicant employed in the base year, determined on an annual full-time equivalent basis.	**5**

Remember part-time employees do not qualify under the annual full-time equivalent calculation

Employees (Continued)

2014 Tax Year

28. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2014 tax year	5
29. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2014 tax year	0
30. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2014 tax year	0
31. Total number of hours that will be worked by the employees in question 30	0
32. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2014 tax year	0
33. Total number of weeks that will be worked by the employees in question 32	0
Number of full-time employees the applicant will employ in the 2014 tax year, determined on an annual full-time equivalent basis.	**5**

Employees (Continued)

2015 Tax Year

34. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2015 tax year	5
35. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2015 tax year	0
36. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2015 tax year	3
37. Total number of hours that will be worked by the employees in question 36	2625
38. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2015 tax year	0
39. Total number of weeks that will be worked by the employees in question 38	0
Number of full-time employees the applicant will employ in the 2015 tax year, determined on an annual full-time equivalent basis.	**6.5**

Multiply the hours projected to be worked (875) by the number of new full-time employees (3) that will be hired mid-year

Employees (Continued)

2016 Tax Year

40. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2016 tax year	8
41. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2016 tax year	1
42. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2016 tax year	0
43. Total number of hours that will be worked by the employees in question 42	0
44. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2016 tax year	0
45. Total number of weeks that will be worked by the employees in question 44	0
Number of full-time employees the applicant will employ in the 2016 tax year, determined on an annual full-time equivalent basis.	**9**

Employees (Continued)

2017 Tax Year

46. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2017 tax year	8
47. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2017 tax year	1
48. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2017 tax year	0
49. Total number of hours that will be worked by the employees in question 48	0
50. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2017 tax year	0
51. Total number of weeks that will be worked by the employees in question 50	0
Number of full-time employees the applicant will employ in the 2017 tax year, determined on an annual full-time equivalent basis.	**9**

Employees (Continued)

2018 Tax Year

52. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2018 tax year	8
53. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2018 tax year	1
54. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2018 tax year	0
55. Total number of hours that will be worked by the employees in question 54	0
56. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2018 tax year	0
57. Total number of weeks that will be worked by the employees in question 56	0
Number of full-time employees the applicant will employ in the 2018 tax year, determined on an annual full-time equivalent basis.	**9**
Aggregate Employee Compensation	**$660,000**

Complete | **Cancel**

Investment

Investment

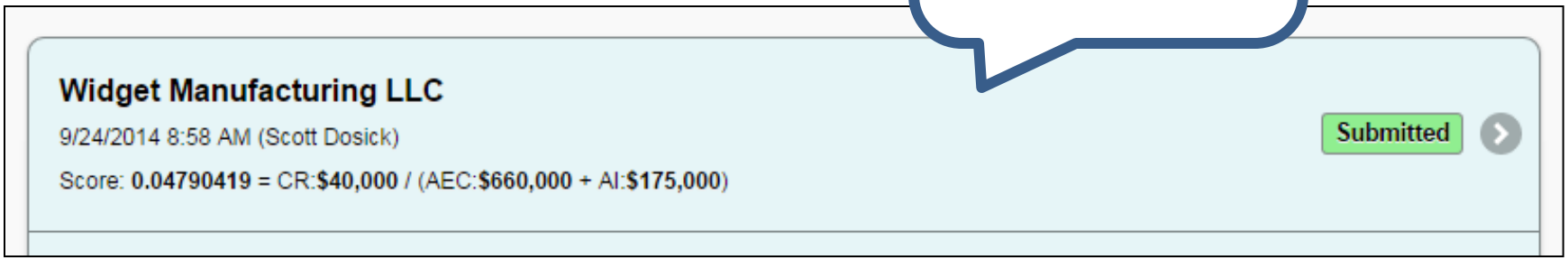
Applicants who were previously awarded a California Competes Tax Credit must exclude any investments that were included in their approved California Competes Tax Credit Agreement.

Amount of Investment after 10/27/2014 for applicant's 2014 Tax Year	0
Amount of Investment for applicant's 2015 Tax Year	100000
Amount of Investment for applicant's 2016 Tax Year	75000
Amount of Investment for applicant's 2017 Tax Year	0
Amount of Investment for applicant's 2018 Tax Year	0
Aggregate Investment	**$175,000**

Complete **Cancel**

My Application

Cost-Benefit Ratio Sample



Contractual Milestones / Credit Allocation

	2013 Tax Year (Base)	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Total Statewide Taxpayer Full-Time Employees (Determined on an annual full-time equivalent basis)	5	5	6.5	9	9	9	
Net Increase of Full-Time Employees Compared to Base Year		-	1.5	4	4	4	
New Full-Time Employee Minimum Annual Salary		-	$40,000	$80,000	-	-	
Cumulative Average Annual Salary of New Full-Time Employees		-	$40,000	$50,000	$50,000	$50,000	
		-	-	-	-	-	TOTAL:
Investments		-	$100,000	$75,000	-	-	$175,000
Tax Credit Allocation		-	$10,000	$20,000	$5,000	$5,000	$40,000

California Competes Tax Credit

Questions?

Apply: www.CalCompetes.ca.gov

Email: CalCompetes@gov.ca.gov

Phone: (916) 322-0694

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www.business.ca.gov/CalCompetes.aspx