California Competes Tax Credit Application Workshop

Overview

- What is the California Competes Tax Credit?
- The Application Process
- Application Walk Through
- Calculation Examples
- Questions

Governor's Economic Development Initiative

- Hiring Tax Credit (New Employment Credit)
  - Started January 1, 2014
  - Franchise Tax Board to administer
- Manufacturing Partial Sales Tax Exemption
  - Starts July 1, 2014
  - Board of Equalization to administer
- California Competes Tax Credit
  - FY 13/14 application period is March 19 through April 14
  - GO-Biz to administer

California Competes Tax Credit

- Negotiated tax credit
- Credit amount 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

- Tentative amount of credits available:
  - $30 million in fiscal year 2013/14
  - $150 million in fiscal year 2014/15
  - $200 million in each fiscal year 2015/16 - 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

California Competes Tax Credit

- Negotiated written agreement between GO-Biz and the applicant for the credit. Terms and conditions of the agreements to include:
  - Minimum employee compensation and retention period
  - Credit distribution period
  - Recapture provisions if applicant fails to meet commitments
- 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)

Application Phase

- Director sets the application period each fiscal year
- Rolling application process versus expiration
- On-line application submission
- www.calcompetes.ca.gov

MEMORANDUM

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

DATE: **March 18, 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:

- **APPLICATION PERIOD:** For fiscal year 2013-14, there is one application period which will be open at 9:00 A.M. PST **March 19, 2014,** and close at **11:59 P.M. PST April 14, 2014**.
- **DEADLINE**: The deadline to submit any California Competes Tax Credit application for consideration in fiscal year 2013-14 is **11:59 P.M. PST April 14, 2014**.
- **COMMITTEE HEARING**: The California Competes Tax Credit Committee hearing will be held in Sacramento, CA on **June 19, 2014**. Time and specific location to be determined.
- **AVAILABLE CALIFORNIA COMPETES TAX CREDIT**: Thirty million dollars ($30,000,000) for the current fiscal year, 2013-14.
- **FORM OF APPLICATION:** The application form for the California Competes Tax Credit is available via an on-line application available at www.calcompetes.ca.gov. All applications MUST be submitted on-line. Paper copies will NOT be accepted, unless an applicant must submit it in this or an alternative form as an accommodation. Any applicant that will request 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 timely submit an application due to computer errors, internet failures or any other malfunctions. An application is only considered timely submitted upon receipt of a confirmation notice from GO-Biz.

California Competes Tax Credit

Log In

To log in, you will need a key emailed to you.

Email

Email Key

I already have a key

Create an account

California Competes Tax Credit

Create an Account

Human verification

Type the text

Privacy & Terms

First Name

Middle Initial

Last Name

Email

Title

Company

Phone (Primary)

Phone (Alternate)

Create User

Profile

California Competes Tax Credit

Edit Profile

First Name	Grace
Middle Initial	
Last Name	Arupo-Rodriguez
Email	grace.arupo-rodriguez@gov.ca.gov
Title	Deputy Director, Legal
Company	GO-Biz
Phone (Primary)	9163220673
Phone (Alternate)	

Save Changes

California Competes Tax Credit

Confirm log in

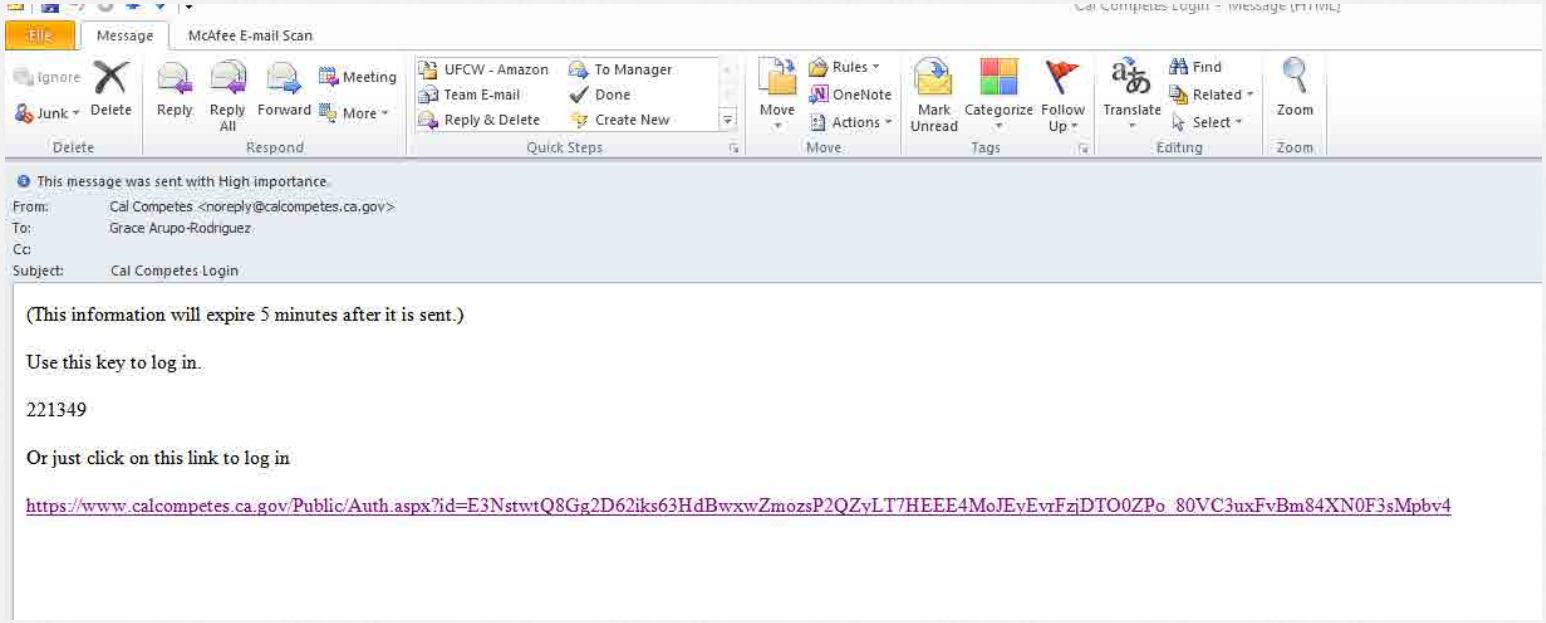
Email: grace.arupo-rodriguez@gov.ca.gov

Key:

Auto-Logout: When I close the web browser.

Log In

Re-send email



This message was sent with High importance.

From: Cal Competes <noreply@calcompetes.ca.gov>
To: Grace Arupo-Rodriguez
Cc:
Subject: Cal Competes Login

(This information will expire 5 minutes after it is sent.)

Use this key to log in.

221349

Or just click on this link to log in

https://www.calcompetes.ca.gov/Public/Auth.aspx?id=E3NstwtQ8Gg2D62iks63HdBwxwZmozsP2QZyLT7HEEE4MoJEyEvrFzjDTO0ZPo_80VC3uxFvBm84XN0F3sMpbv4

California Competes Tax Credit

Welcome to
California Competes Tax Credit

Start

Create a new Application

My Applications

Try this site on your other devices...

California Competes Tax Credit

Create Application

Title for this application

Create Application

California Competes Tax Credit

Application Summary

California Competes Workshop Application (In Progress)

Sections	
Business Information	Not Started
Business Structure	Not Started
Proposed Project	Not Started
Employees	Not Started
Material Litigation	Not Started
Ownership	Not Started
Incentives and Programs	Not Started
Responsible Representative	Not Started

Submit | Options | Report

Business Information

Title for this application	California Competes Workshop Application
Annual Gross Receipts in Last Taxable Year	
Federal Employer Identification Number (FEIN)	xx-xxxxxxx
California Taxpayer Identification Number	
Legal Name	
Year Business Established	

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

Section: In Progress | **Save** | **Cancel**

U.S. Department of Commerce

United States Census Bureau

Home | Blog

People | Business | Geography | Data | Research | Newsroom

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

- 2012 NAICS
- 2007 NAICS
- 2002 NAICS

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 replace the Standard Industrial Classification (SIC) system. It was developed jointly by the U.S. Economic Classification Policy Committee (ECPC), Statistics Canada, and Mexico's Instituto Nacional de Estadistica y Geografia, to allow for a high level of comparability in business statistics among the North American countries.

This official U.S. Government Web site provides the latest information on plans for NAICS revisions, as well as access to various NAICS reference files and tools.

The official 2012 U.S. NAICS Manual includes definitions for each industry, background information, tables showing changes between 2007 and 2012, and a comprehensive index. The official 2012 U.S. NAICS Manual is available in print and on CD-ROM from the National Technical Information Service (NTIS) at (800) 553-6847 or (703) 605-6000, or through the NTIS Web site. Previous versions of the NAICS Manual are available.

Additional information on the background and development of NAICS is available in the History section of this Web site.

California Competes Tax Credit

Application Summary

California Competes Workshop Application (In Progress)

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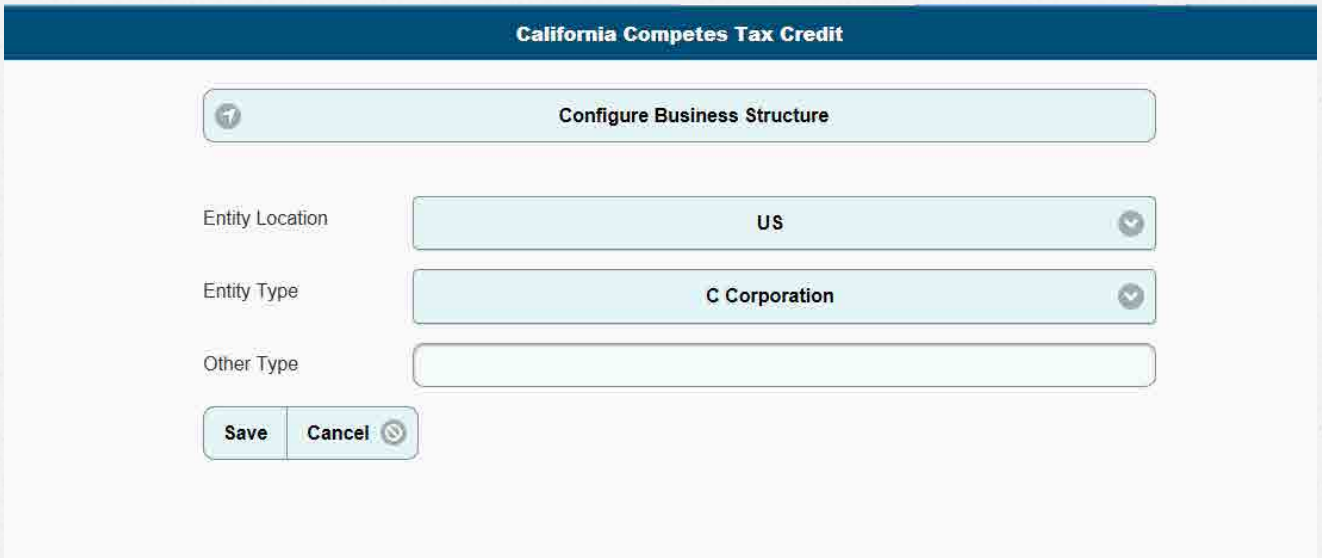
Ownership	Not Started
Incentives and Programs	Not Started
Responsible Representative	Not Started

Submit | Options | Report



Entity Type:

- Individual (sole proprietor)
- C Corporation
- S Corporation
- General Partnership
- Limited Partnership
- LLC (treated as a partnership)
- LLC (treated as a corporation)
- Other Type

California Competes Tax Credit

Business Structure

Entity Type: US C Corporation

Is the company publicly traded? No

Filed as a foreign corporation in CA? No

State of Incorporation:

Section: In Progress | Save | Cancel

California Competes Tax Credit

Application Summary

California Competes Workshop Application (In Progress)

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Ownership	Not Started
Incentives and Programs	Not Started
Responsible Representative	Not Started

Submit | Options | Report

California Competes Tax Credit

Proposed Project

Please provide a brief summary of the proposed project (6000 characters)

Implementation Date

Please select the item that best describes the proposed project:

- (●) **This is a growth project for an applicant located in California.**
- ( ) **This project is a California retention only project. In order to be considered in Phase II, the applicant must submit to GO-Biz a certification signed by the applicant's Chief Executive Officer, President, Chief Financial Officer or equivalent officer or representative that states that "unless applicant receives a California Competes Tax Credit, the applicant will leave the state of California.**
- ( ) **This is a project for an out-of-state applicant coming to California.**
- ( ) **This project is a relocation within California.**

Project Location

Address Line 1

Address Line 2

City

State **California Only**

US Zip Code

Help | Contact Us | Terms of Use

Project Location

Address Line 1

Address Line 2

City

State **California Only**

US Zip Code

Total Amount of California Competes Tax Credit Requested ($)

Aggregate Employee Compensation Package ($)

Aggregate Investment Package ($)

Proposed Allocation Period for California Competes Tax Credit (Tax Years)

Section: In Progress | **Save** | **Cancel**

California Competes Tax Credit

Employees

Existing number of full-time employees in California

Proposed number of new full-time employees hired in California

Proposed Number of existing full-time employees that will relocate to California

Number of full-time employees in the US (outside California)

Number of full-time employees Worldwide (outside US)

Section: In Progress | Save | Cancel

California Competes Tax Credit

Material Litigation

Are you currently involved in any material litigation? **No**

Explain litigation (6000 characters)

Section: In Progress | **Save** | **Cancel**

California Competes Tax Credit

Ownership

Owners (0%)

No Owners.

Only owners with a share of 25% or more may be listed here.

Add Owner

Section: In Progress | Save | Cancel

California Competes Tax Credit

Add Owner

Owner Name: Jane Smith

Percentage (Between 25% and 100%): 51

Add Owner | **Cancel**

California Competes Tax Credit

Ownership

Owners (51%)

Jane Smith - 51%

Only owners with a share of 25% or more may be listed here.

Add Owner

Section: In Progress | Save | Cancel

California Competes Tax Credit

Application Summary

California Competes Workshop Application (In Progress)

Sections	
Business Information	In Progress
Business Structure	In Progress
Proposed Project	In Progress
Employees	In Progress
Material Litigation	In Progress
Ownership	In Progress
Incentives and Programs	In Progress
Responsible Representative	Not Started

Submit | Options | Report

California Competes Tax Credit

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)**

Incentives (con't)

Federal Programs

Federal Programs - Description

Other State Programs

Other State Programs - Description

Total value of California State incentives available to applicant per year, excluding California Competes ($)

0.00

Section: In Progress | **Save** | **Cancel**

Help | **Contact Us** | **Terms of Use**

California Competes Tax Credit

Responsible Representative

The Responsible Representative is the person authorized to speak and negotiatate on behalf of the applicant with GO-Biz. The applicant may allow others to speak and negotiate with GO-Biz, but only if GO-Biz is notified in writing.

- [ ] **I am the Responsible Representative for the applicant listed.**
- [ ] **Check here if an attorney or consultant is filing this application on behalf of the applicant listed. Please provide estimated compensation below.**

Estimated Compensation ($)

Section: In Progress | **Save** | **Cancel**

California Competes Tax Credit

Application Summary

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Ownership	In Progress
Incentives and Programs	In Progress
Responsible Representative	Complete

Submit | Options | Report

California Competes Tax Credit

Application Summary

California Competes Workshop Application (In Progress)

Sections	
Business Information	Complete
Business Structure	Complete
Proposed Project	Complete
Employees	Complete
Material Litigation	Complete
Ownership	Complete
Incentives and Programs	Complete
Responsible Representative	Complete

Submit | Options | Report

California Competes Tax Credit

Submit Application

By clicking the SUBMIT button, you are certifying 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 you are the responsible representative for the applicant and GO-Biz will speak and negotiate directly with you. Additionally, the email address listed in the Responsible Representative section is the authorized e-mail address and the owner of that listed e-mail address is responsible for receipt of GO-Biz documents sent via e-mail to that e-mail address. You should periodically check that e-mail box to see if GO-Biz has e-mailed any required action or notification. GO-Biz is not responsible for any e-mail sent but not received by applicant due to the applicant's security or anti-spam software, or any problems within the applicant'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. 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.

Submit Application

DO NOT ASSUME IT IS SUBMITTED UNTIL YOU RECEIVE A CONFIRMATION EMAIL!

“Full Report”

California Competes Tax Credit

Full Report

Business Information

Title for this application:	**California Competes Workshop Application**
Annual Gross Receipts in Last Taxable Year:	**Greater than or equal to $2,000,000**
Federal Employer Identification Number (FEIN):	**12-3456789**
California Taxpayer Identification Number:	**123456789**
Legal Name:	**Let's Do Business California, Inc.**
Year Business Established:	**2012**

Primary Place of Business

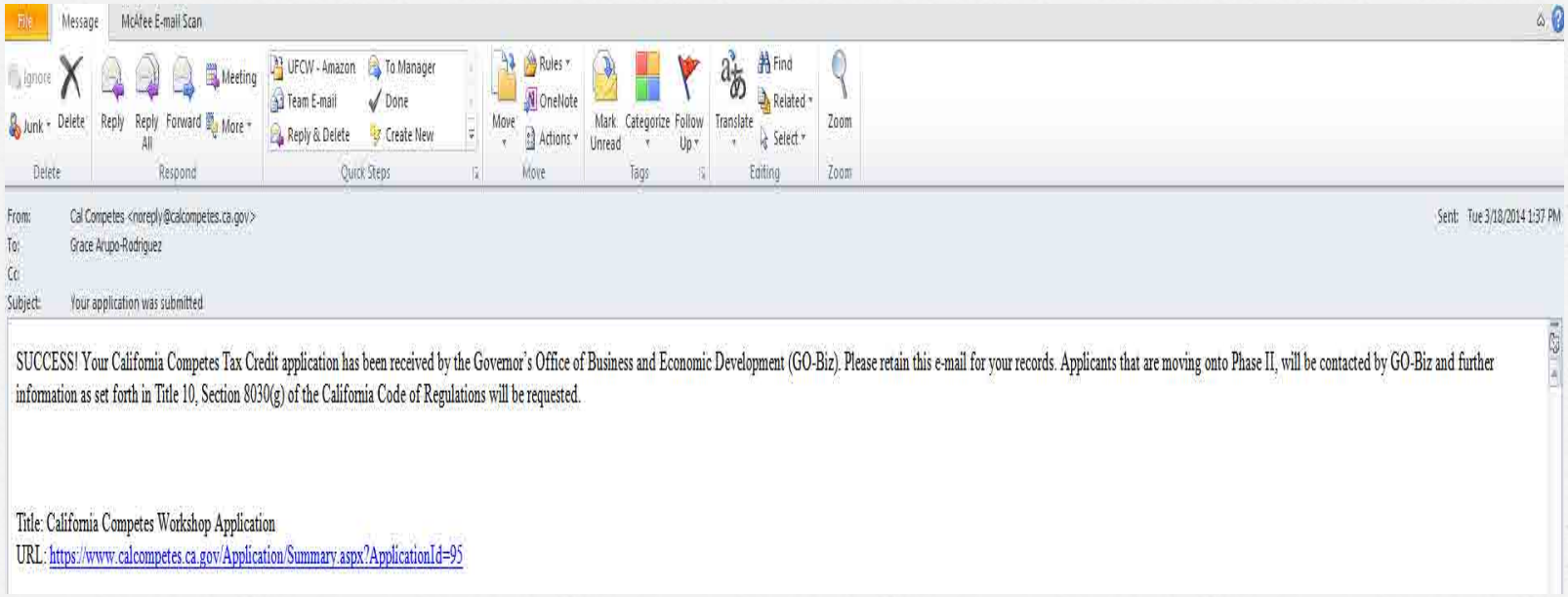
Address Line 1:	**123 California Lane**
City:	**Sacramento**
US State:	**CA**
US Zip Code:	**95814**
Country:	**United States**

Company's Primary NAICS Code:	**2335**
Proposed Project NAICS Code:	**2335**

Business Structure

Entity Type:	**US C Corporation**
Is the company publicly traded?	**No**
Filed as a foreign corporation in CA?	**No**
State of Incorporation	**CA**

E-MAIL CONFIRMATION – SUCCESS!



“Recall”/“Options”

California Competes Tax Credit

Application Versions

Submit (Current Version)
Sections: 0 in progress, 8 complete.
3/14/2014 3:38 PM by Grace Arupo-Rodriguez

Business Information
Sections: 0 in progress, 8 complete.
3/14/2014 3:37 PM by Grace Arupo-Rodriguez
Roll back to this version

Business Structure
Sections: 1 in progress, 7 complete.
3/14/2014 3:37 PM by Grace Arupo-Rodriguez
Roll back to this version

Proposed Project
Sections: 2 in progress, 6 complete.
3/14/2014 3:37 PM by Grace Arupo-Rodriguez
Roll back to this version

Employees
Sections: 3 in progress, 5 complete.
3/14/2014 3:36 PM by Grace Arupo-Rodriguez
Roll back to this version

California Competes Tax Credit

Application Options

Application Users

History

Delete Application

Evaluation Phase I

- Two-phase application evaluation process
- The first phase is a quantitative evaluation
- Applications from small business will be compared to applications from other small businesses
- Applications with the most advantageous cost-benefit ratio to the state will move into the second phase (minimum review will be the top 200%)

Formula

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

Aggregate Employee Compensation Package

- The number of full-time employees is determined on an "annual full-time equivalent" (AFTE) basis
- One AFTE employee is:
  - For full-time employees paid by the hour, 1,750 hours worked for the applicant during the tax year
  - For salaried full-time employees, 50 weeks worked for the applicant during the tax year
- Only employees that work on average 35 hours or more per week in California are taken into consideration for this computation

Aggregate Employee Compensation Package

- ABC Company hired 10 hourly full-time employees in the 2013 tax year
  - 5 were hired in January and each worked more than 1,750 hours in the year
  - 3 were hired in July and each worked 875 hours in the year
  - 2 were hired in November and each worked 350 hours in the year

Aggregate Employee Compensation Package

- 5 were hired in January and each worked more than 1,750 hours in the year
- 3 were hired in July and each worked 875 hours in the year
- 2 were hired in November and each worked 350 hours in the year

How many full-time employees did ABC Company employ in 2013?

Calculation:

Full-time employees that worked at least 1,750 hours = 5

Total number of hours the other full-time employees worked = 3,325

Divide 3,325 by 1,750 = 1.9

Add 1.9 + 5 = 6.9

In 2013, ABC Company employed 6.9 full-time employees, determined on an AFTE basis

Aggregate Employee Compensation Package

- First step to determine Aggregate Employee Compensation Package:
  - Determine the number of full-time employees employed in the "Base Year" (2013 tax year) using AFTE calculation
  - Project the number of full-time employees, on an AFTE basis, to be employed in 2014 through 2018 tax years
  - Use AFTE worksheets on GO-Biz website

Base Year Annual Full-time Equivalent Worksheet

1. Number of hourly full-time employees that you employed in California for 1,750 hours or more during the 2013 tax year =
2. Number of salaried full-time employees that you employed in California for 50 weeks or more during the 2013 tax year =
3. Number of hourly full-time employees in California that worked less than 1,750 hours during the 2013 tax year =
4. Total number of hours worked by the employees in question 3 =
5. Divide the answer in line 4 by 1,750 =
6. Number of salaried full-time employees in California that worked less than 50 weeks during the 2013 tax year =
7. Total number of weeks worked by the employees in question 6 =
8. Divide the answer in line 7 by 50 =
9. Add the answer to lines 1,2, 5 and 8 =

The answer to question 9 is the number of employees you employed in the base year, determined on an annual full-time equivalent basis. Transfer this number to the "Base Year ATFEs" field in the "Aggregate Employee Compensation Package Calculator".

NOTE: The figures in the worksheets below should represent a good faith projection of the number of employees that will be employed in California by the applicant. The amounts you enter in the worksheets will be used as the basis for the California Competes Tax Credit agreements.

2014 Tax Year Annual Full-time Equivalent Worksheet

1. Number of hourly full-time employees that you will employ in California for 1,750 or more hours during the 2014 tax year =
2. Number of salaried full-time employees that you will employ in California for 50 weeks or more during the 2014 tax year =
3. Number of hourly full-time employees that will work less than 1,750 hours in California during the 2014 tax year =
4. Total number of hours the employees in question 3 will work during the 2014 tax year =
5. Divide the answer in line 4 by 1,750 =
6. Number of salaried full-time employees that will work less than 50 weeks in California during the 2014 tax year =
7. Total number of weeks the employees in question 6 will work during the 2014 tax year =
8. Divide the answer in line 7 by 50 =
9. Add the answer to lines 1,2, 5 and 8 =

The answer to question 9 is the number of employees you will employ in 2014 tax year, determined on an annual full-time equivalent basis. Transfer this number to the "2014 Tax Year AFTEs" field in the "Aggregate Employee Compensation Package Calculator".

Aggregate Employee Compensation Package

- Second step to determine Aggregate Employee Compensation Package:
  - Determine cumulative average annual salary of full-time employees projected to be hired in the 2014 through 2018 tax years using worksheet on GO-Biz website
  - Calculated based on projected tax year of hire and annual salary, without regard of when during the year the employee is hired
  - This is not based on AFTEs

Aggregate Employee Comp Worksheet FINAL - Microsoft Excel

Full-time Employee (FTE) Salary Levels (Select Salary Level for FTEs by Rounding to the Nearest $5,000)		2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year
		Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired
Salary Level 1	$15,000					
Salary Level 2	$20,000					
Salary Level 3	$25,000					
Salary Level 4	$30,000					
Salary Level 5	$35,000					
Salary Level 6	$40,000					
Salary Level 7	$45,000					
Salary Level 8	$50,000					
Salary Level 9	$55,000					
Salary Level 10	$60,000					
Salary Level 11	$65,000					
Salary Level 12	$70,000					
Salary Level 13	$75,000					
Salary Level 14	$80,000					
Salary Level 15	$85,000					
Salary Level 16	$90,000					
Salary Level 17	$95,000					
Salary Level 18	$100,000					
Salary Level 19	$105,000					
Salary Level 20	$110,000					
Salary Level 21	$115,000					
Salary Level 22	$120,000					
Salary Level 23	$125,000					
Salary Level 24	$130,000					
Salary Level 25	$135,000					
Salary Level 26	$140,000					
Salary Level 27	$145,000					
Salary Level 28	$150,000					
Salary Level 29	$155,000					
Salary Level 30	$160,000					
Salary Level 31	$165,000					

Aggregate Employee Comp Worksheet FINAL - Microsoft Excel

	A	B	C	D	F	H	J	L
37	Salary Level 7		$45,000					
38	Salary Level 8		$50,000					
39	Salary Level 9		$55,000					
40	Salary Level 10		$60,000					
41	Salary Level 11		$65,000					
42	Salary Level 12		$70,000					
43	Salary Level 13		$75,000					
44	Salary Level 14		$80,000					
45	Salary Level 15		$85,000					
46	Salary Level 16		$90,000					
47	Salary Level 17		$95,000					
48	Salary Level 18		$100,000					
49	Salary Level 19		$105,000					
50	Salary Level 20		$110,000					
51	Salary Level 21		$115,000					
52	Salary Level 22		$120,000					
53	Salary Level 23		$125,000					
54	Salary Level 24		$130,000					
55	Salary Level 25		$135,000					
56	Salary Level 26		$140,000					
57	Salary Level 27		$145,000					
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59	Salary Level 29		$155,000					
60	Salary Level 30		$160,000					
61	Salary Level 31		$165,000					
62	Salary Level 32		$170,000					
63	Salary Level 33		$175,000					
64	Salary Level 34		$180,000					
65	Salary Level 35		$185,000					
66	Salary Level 36		$190,000					
67	Salary Level 37		$195,000					
68	Salary Level 38		$200,000					
69	**Cumulative Annual Average Salary of Full-time Employees Hired**			$0	$0	$0	$0	$0

Aggregate Employee Compensation Package

- Final step to determine Aggregate Employee Compensation Package:
  - Transfer the AFTE employee numbers and the cumulative annual average salary numbers to the “Aggregate Employee Compensation Package Calculator” on the GO-Biz website

Steps to determine "Aggregate Employee Compensation Package"

1. Review the definitions at the bottom of this worksheet.

2. Click here to determine the number of full-time employees you employed for the "Base Year," calculated on an annual full-time equivalent (AFTE) basis, and the number of AFTEs you will employ in the 2014 through 2018 tax years. Transfer the numbers from the worksheets to the applicable fields below in the "Aggregate Employee Compensation Package Calculator".

3. Determine the cumulative average annual salary for the full-time employees you will hire for the 2014 through 2018 tax years*.

Aggregate Employee Compensation Package Calculator

Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs
Net Increase of AFTEs	0	0	0	0	0
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year
Cumulative Average Annual Salary of Full-time Employees Hired*					
Total	$0	$0	$0	$0	$0

Aggregate Employee Compensation Package	$0.00

*This average is a cumulative annual average salary per tax year as the full-time employees are hired and is **not** based on AFTEs.
For example, if during the 2014 tax year you expect to hire 5 full-time employees with an annual salary of $40,000 and 10 full-time employees with an annual salary of $50,000, you would enter $46,666.66 in the 2014 tax year field.
(5*$40,000 +10*$50,000)/15=$46,666.66)
Continuing this example, in addition to the full-time employees hired in the 2014 tax year, for the 2015 tax year you expect to hire 20 full-time employees with an annual salary of $30,000, you would enter $37,142.85 in the 2015 tax year field.
(5*$40,000 + 10*$50,000 + 20*$30,000)/35=$37,142.85)

Aggregate Investment Package

- "Investment" is real and personal property purchased related to the applicant's business that is placed in service in California
  - Purchases up to one year prior to the date the applicant files its California Competes Tax Credit Application
  - Projected purchases during the 2014-2018 tax years
- Use aggregate investment package calculator on GO-Biz website

Aggregate Investment Package Worksheet-Final - Microsoft Excel

File Home Insert Page Layout Formulas Data Review View Acrobat

Spelling Research Thesaurus Translate New Comment Delete Previous Next Show/Hide Comment Show All Comments Show Ink Protect Sheet Protect Workbook Share Workbook Protect and Share Workbook Allow Users to Edit Ranges Track Changes

Proofing Language Comments Changes

D9

Steps to determine "Aggregate Investment Package"

1. Review the definitions of "Investment," "Real Property," and "Personal Property" below.
2. Calculate the total amount of investment you made up to one year prior to the date you will apply for the California Competes Tax Credit.
3. Estimate the amount of your investment for the 2014 through 2018 tax years.
4. Enter the applicable amounts in the fields below.

Investment one year prior to application date	2014 Tax Year Investment	2015 Tax Year Investment	2016 Tax Year Investment	2017 Tax Year Investment	2018 Tax Year Investment	Aggregate Investment Package
						$0

"**Investment**" means the amount paid for all personal property and real property acquired or leased by the applicant no more than one year prior to the date the application is filed that is directly related to the project and any other personal property or real property acquired or leased on and after the date the application is filed that is directly related to the project.

"**Real property**" means any property located in this state that is attached directly to land, as well as the land itself, that is used in connection with the project. Real property includes, but is not limited to all, land, structures, firmly attached and integrated equipment (such as light fixtures or a well pump), anything growing on the land, and all other "interests" in the property, which may be land, and all other "interests" in the property, which may be the right to future ownership (remainder), right to occupy for a period of time (tenancy or lease), or an easement across another's property. With the exception of the land itself, real property includes structures and other business assets affixed to the land that are subject to depreciation under Internal Revenue Code section 167(a), or depreciable property expensed under Internal Revenue Code section 179. Real property also includes capitalized costs related to new construction, reconstruction, or expansion of buildings or other structures which will be used in the applicant's trade or business in connection with the project and will be subject to depreciation under Internal Revenue Code section 167(a) or is depreciable property that will be expensed under Internal Revenue Code section 179. Real property does not include idle bare land held for investment purposes.

"**Personal property**" means property, other than real property, placed in service in this state by the applicant, that is tangible, movable property, including, but not limited to, vehicles, movable fixtures, equipment, electronic devices purchased for the business use of the applicant, 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 under Internal Revenue Code section 167(a), or depreciable property that will be expensed under Internal Revenue Code section 179.

Sheet1 Sheet2 Sheet3

Ready

Example

- 123 Inc. employed 15 full-time hourly employees for the entire 2013 tax year.
- In the 2014 tax year it plans to hire 3 hourly employees mid-year with an estimated annual salary of $40,000 each. The corporation estimates the employees will each work 875 hours.
- In the 2015 tax year 123 Inc. will hire 2 hourly full-time employees with an estimated annual salary of $60,000. The employees will be hired in January 2015 and work 2,000 hours each.
- In the 2017 tax year the corporation will hire 3 full-time employees with an annual salary of $100,000 each. The corporation expects the employees to be hired in December and to work 120 hours each.
- 123 Inc. does not anticipate any other additions or reductions of employees in the 2014 through 2018 tax years.
- In the 2014 tax year the corporation will purchase a new building at an estimated cost of $900,000.
- In the 2016 tax year the corporation will purchase new manufacturing equipment for an estimated cost of $150,000.
- 123 Inc. applies for the California Competes Tax Credit and requests a tax credit of $300,000.

123 Inc. employed 15 full-time hourly employees for the entire 2013 tax year.

Base Year Annual Full-time Equivalent Worksheet

1. Number of hourly full-time employees that you employed in California for 1,750 hours or more during the 2013 tax year = 15
2. Number of salaried full-time employees that you employed in California for 50 weeks or more during the 2013 tax year = 0
3. Number of hourly full-time employees in California that worked less than 1,750 hours during the 2013 tax year = 0
4. Total number of hours worked by the employees in question 3 = 0
5. Divide the answer in line 4 by 1,750 = 0
6. Number of salaried full-time employees in California that worked less than 50 weeks during the 2013 tax year = 0
7. Total number of weeks worked by the employees in question 6 = 0
8. Divide the answer in line 7 by 50 = 0
9. Add the answer to lines 1,2, 5 and 8 = 15

The answer to question 9 is the number of employees you employed in the base year, determined on an annual full-time equivalent basis. Transfer this number to the "Base Year ATFEs" field in the "Aggregate Employee Compensation Package Calculator".

Aggregate Employee Compensation Package Calculator

Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15						
Net Increase of AFTEs	0	0	0	0	0	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*						
Total	$0	$0	$0	$0	$0	
					Aggregate Employee Compensation Package	$0.00

In the 2014 tax year it plans to hire 3 hourly employees mid-year with an estimated annual salary of $40,000 each. The corporation estimates the employees will each work 875 hours.

2014 Tax Year Annual Full-time Equivalent Worksheet

1. Number of hourly full-time employees that you will employ in California for 1,750 or more hours during the 2014 tax year = 15 (employees from 2013)
2. Number of salaried full-time employees that you will employ in California for 50 weeks or more during the 2014 tax year = 0
3. Number of hourly full-time employees that will work less than 1,750 hours in California during the 2014 tax year = 3 (employees hired in 2014)
4. Total number of hours the employees in question 3 will work during the 2014 tax year = 2,625 (3 new hires * 875 hours each)
5. Divide the answer in line 4 by 1,750 = 1.5
6. Number of salaried full-time employees that will work less than 50 weeks in California during the 2014 tax year = 0
7. Total number of weeks the employees in question 6 will work during the 2014 tax year = 0
8. Divide the answer in line 7 by 50 = 0
9. Add the answer to lines 1,2, 5 and 8 = 16.5

The answer to question 9 is the number of employees you will employ in 2014 tax year, determined on an annual full-time equivalent basis. Transfer this number to the "2014 Tax Year AFTEs" field in the "Aggregate Employee Compensation Package Calculator".

Aggregate Employee Compensation Package Calculator

Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5					
Net Increase of AFTEs	1.5	0	0	0	0	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*						
Total	$0	$0	$0	$0	$0	
					Aggregate Employee Compensation Package	$0.00

In the 2015 tax year 123 Inc. will hire 2 hourly full-time employees with an estimated annual salary of $60,000. The employees will be hired in January 2015 and work 2,000 hours each.

2015 Tax Year Annual Full-time Equivalent Worksheet

1. Number of hourly full-time employees that you will employ in California for 1,750 or more hours during the 2015 tax year = 20 (18 from 2014 and 2 hired in January 2015)
2. Number of salaried full-time employees that you will employ in California for 50 weeks or more during the 2015 tax year = 0
3. Number of hourly full-time employees that will work less than 1,750 hours in California during the 2015 tax year = 0
4. Total number of hours the employees in question 3 will work during the 2015 tax year = 0
5. Divide the answer in line 4 by 1,750 = 0
6. Number of salaried full-time employees that will work less than 50 weeks in California during the 2015 tax year = 0
7. Total number of weeks the employees in question 6 will work during the 2015 tax year = 0
8. Divide the answer in line 7 by 50 = 0
9. Add the answer to lines 1,2, 5 and 8 = 20

The answer to question 9 is the number of employees you will employ in 2015 tax year, determined on an annual full-time equivalent basis. Transfer this number to the "2015 Tax Year AFTEs" field in the "Aggregate Employee Compensation Package Calculator".

Aggregate Employee Compensation Package Calculator

Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5	20				
Net Increase of AFTEs	1.5	5	0	0	0	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*						
Total	$0	$0	$0	$0	$0	
					Aggregate Employee Compensation Package	$0.00

2016 tax year – No hires or reductions of employees

2016 Tax Year Annual Full-time Equivalent Worksheet

1. Number of hourly full-time employees that you will employ in California for 1,750 or more hours during the 2016 tax year = 20 (20 employees from 2015 tax year)
2. Number of salaried full-time employees that you will employ in California for 50 weeks or more during the 2016 tax year = 0
3. Number of hourly full-time employees that will work less than 1,750 hours in California during the 2016 tax year = 0
4. Total number of hours the employees in question 3 will work during the 2016 tax year = 0
5. Divide the answer in line 4 by 1,750 = 0
6. Number of salaried full-time employees that will work less than 50 weeks in California during the 2016 tax year = 0
7. Total number of weeks the employees in question 6 will work during the 2016 tax year = 0
8. Divide the answer in line 7 by 50 = 0
9. Add the answer to lines 1,2, 5 and 8 = 20

The answer to question 9 is the number of employees you will employ in 2016 tax year, determined on an annual full-time equivalent basis. Transfer this number to the "2016 Tax Year AFTEs" field in the "Aggregate Employee Compensation Package Calculator".

Aggregate Employee Compensation Package Calculator

Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5	20	20			
Net Increase of AFTEs	1.5	5	5	0	0	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*						
Total	$0	$0	$0	$0	$0	
					Aggregate Employee Compensation Package	$0.00

In the 2017 tax year the corporation will hire 3 full-time employees with an annual salary of $100,000 each. The corporation expects the employees to be hired in December and to work 120 hours each.

2017 Tax Year Annual Full-time Equivalent Worksheet

1. Number of hourly full-time employees that you will employ in California for 1,750 or more hours during the 2017 tax year = 20 (20 from 2016 tax year)
2. Number of salaried full-time employees that you will employ in California employ for 50 weeks or more during the 2017 tax year = 0
3. Number of hourly full-time employees that will work less than 1,750 hours in California during the 2017 tax year = 3
4. Total number of hours the employees in question 3 will work during the 2017 tax year = 360 (3 new employees * 120 hours each)
5. Divide the answer in line 4 by 1,750 = .2057
6. Number of salaried full-time employees that will work less than 50 weeks in California during the 2017 tax year = 0
7. Total number of weeks the employees in question 6 will work during the 2017 tax year = 0
8. Divide the answer in line 7 by 50 = 0
9. Add the answer to lines 1,2, 5 and 8 = 20.2057

The answer to question 9 is the number of employees you will employ in 2017 tax year, determined on an annual full-time equivalent basis. Transfer this number to the "2017 Tax Year AFTEs" field in the "Aggregate Employee Compensation Package Calculator".

	Aggregate Employee Compensation Package Calculator					
Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5	20	20	20.2057		
Net Increase of AFTEs	1.5	5	5	5.2057	0	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*						
Total	$0	$0	$0	$0	$0	
					Aggregate Employee Compensation Package	$0.00

2018 tax year – No hires or reductions of employees

2018 Tax Year Annual Full-time Equivalent Worksheet

1. Number of hourly full-time employees that you will employ in California for 1,750 or more hours during the 2018 tax year = 23 (23 employees from 2017 tax year)
2. Number of salaried employees that you will employ in California for 50 weeks or more during the 2018 tax year = 0
3. Number of hourly full-time employees that will work less than 1,750 hours in California during the 2018 tax year = 0
4. Total number of hours the employees in question 3 will work during the 2018 tax year = 0
5. Divide the answer in line 4 by 1,750 = 0
6. Number of salaried full-time employees that will work less than 50 weeks in California during the 2018 tax year = 0
7. Total number of weeks the employees in question 6 will work during the 2018 tax year = 0
8. Divide the answer in line 7 by 50 = 0
9. Add the answer to lines 1,2, 5 and 8 = 23

The answer to question 9 is the number of employees you will employ in 2018 tax year, determined on an annual full-time equivalent basis. Transfer this number to the "2018 Tax Year AFTEs" field in the "Aggregate Employee Compensation Package Calculator".

Aggregate Employee Compensation Package Calculator

Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5	20	20	20.2057	23	
Net Increase of AFTEs	1.5	5	5	5.2057	8	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*						
Total	$0	$0	$0	$0	$0	
					Aggregate Employee Compensation Package	$0.00

In the 2014 tax year it plans to hire 3 hourly employees mid-year with an estimated annual salary of $40,000 each. The corporation estimates the employees will each work 875 hours.

		2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year
Full-time Employee (FTE) Salary Levels (Select Salary Level for FTEs by Rounding to the Nearest $5,000)		Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired
Salary Level	$15,000					
Salary Level	$20,000					
Salary Level	$25,000					
Salary Level	$30,000					
Salary Level	$35,000					
Salary Level	$40,000	3				
Salary Level	$45,000					
Salary Level	$50,000					
Cumulative Annual Average Salary of Full-time Employees Hired		$40,000	$40,000	$40,000	$40,000	$40,000

Aggregate Employee Compensation Package Calculator						
Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5	20	20	20.2057	23	
Net Increase of AFTEs	1.5	5	5	5.2057	8	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*	$40,000					
Total	$60,000	$0	$0	$0	$0	
					Aggregate Employee Compensation Package	$60,000.00

In the 2015 tax year 123 Inc. will hire 2 hourly full-time employees with an estimated annual salary of $60,000. The employees will be hired in January 2015 and work 2,000 hours each.

		2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year
Full-time Employee (FTE) Salary Levels (Select Salary Level for FTEs by Rounding to the Nearest $5,000)		Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired
Salary Level	$15,000					
Salary Level	$20,000					
Salary Level	$25,000					
Salary Level	$30,000					
Salary Level	$35,000					
Salary Level	$40,000	3				
Salary Level	$45,000					
Salary Level	$50,000					
Salary Level	$55,000					
Salary Level	$60,000		2			
Salary Level	$65,000					
Cumulative Annual Average Salary of Full-time Employees Hired		$40,000	$48,000	$48,000	$48,000	$48,000

Aggregate Employee Compensation Package Calculator						
Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5	20	20	20.2057	23	
Net Increase of AFTEs	1.5	5	5	5.2057	8	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*	$40,000	$48,000				
Total	$60,000	$240,000	$0	$0	$0	
					Aggregate Employee Compensation Package	$300,000.00

No employees hired in 2016 tax year

	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year
Full-time Employee (FTE) Salary Levels (Select Salary Level for FTEs by Rounding to the Nearest $5,000)	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired
Cumulative Annual Average Salary of Full-time Employees Hired	$40,000	$48,000	$48,000	$48,000	$48,000

Aggregate Employee Compensation Package Calculator

Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5	20	20	20.2057	23	
Net Increase of AFTEs	1.5	5	5	5.2057	8	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*	$40,000	$48,000	$48,000			
Total	$60,000	$240,000	$240,000	$0	$0	
					Aggregate Employee Compensation Package	$540,000.00

In the 2017 tax year the corporation will hire 3 full-time employees with an annual salary of $100,000 each. The corporation expects the employees to be hired in December and to work 120 hours each.

		2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year
Full-time Employee (FTE) Salary Levels (Select Salary Level for FTEs by Rounding to the Nearest $5,000)		Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired
Salary Level	$15,000					
Salary Level	$85,000					
Salary Level	$90,000					
Salary Level	$95,000					
Salary Level	$100,000				3	
Salary Level	$105,000					
Salary Level	$110,000					
Salary Level	$115,000					
Cumulative Annual Average Salary of Full-time Employees Hired		$40,000	$48,000	$48,000	$67,500	$67,500

Aggregate Employee Compensation Package Calculator

Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5	20	20	20.2057	23	
Net Increase of AFTEs	1.5	5	5	5.2057	8	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*	$40,000	$48,000	$48,000	$67,500		
Total	$60,000	$240,000	$240,000	$351,385	$0	
					Aggregate Employee Compensation Package	$891,384.75

No employees hired in 2018 tax year

	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year
Full-time Employee (FTE) Salary Levels (Select Salary Level for FTEs by Rounding to the Nearest $5,000)	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired	Number of FTEs Hired
Cumulative Annual Average Salary of Full-time Employees Hired	$40,000	$48,000	$48,000	$67,500	$67,500

Aggregate Employee Compensation Package Calculator						
Base Year AFTEs	2014 Tax Year AFTEs	2015 Tax Year AFTEs	2016 Tax Year AFTEs	2017 Tax Year AFTEs	2018 Tax Year AFTEs	
15	16.5	20	20	20.2057	23	
Net Increase of AFTEs	1.5	5	5	5.2057	8	
	2014 Tax Year	2015 Tax Year	2016 Tax Year	2017 Tax Year	2018 Tax Year	
Cumulative Average Annual Salary of Full-time Employees Hired*	$40,000	$48,000	$48,000	$67,500	$67,500	
Total	$60,000	$240,000	$240,000	$351,385	$540,000	
					Aggregate Employee Compensation Package	$1,431,384.75

In the 2014 tax year the corporation will purchase a new building at an estimated cost of $900,000.

In the 2016 tax year the corporation will purchase new manufacturing equipment for an estimated cost of $150,000.

Steps to determine "Aggregate Investment Package"

1. Review the definitions of "Investment," "Real Property," and "Personal Property" below.
2. Calculate the total amount of investment you made up to one year prior to the date you will apply for the California Competes Tax Credit.
3. Estimate the amount of your investment for the 2014 through 2018 tax years.
4. Enter the applicable amounts in the fields below.

Investment one year prior to application date	2014 Tax Year Investment	2015 Tax Year Investment	2016 Tax Year Investment	2017 Tax Year Investment	2018 Tax Year Investment	Aggregate Investment Package
	$900,000		$150,000			**$1,050,000**

Example Ratio

- Amount of credit requested = $300,000
- Aggregate employee compensation = $1,431,384.75
- Aggregate investment = $1,050,000

$$\frac{\$300,000}{\$1,431,384.75+\$1,050,000}$$

- Ratio = .1209

Evaluation Phase II

- Evaluation factors
  - Job retention
  - Opportunity for future growth and expansion
  - Economic impact in California
  - Incentives available in/out of state
  - Benefits/fringe benefits provided to employees
  - Strategic importance to the state/region/locality
  - Unemployment/Poverty in business area

Phase II

- GO-Biz will contact applicants moved into Phase II
  - Additional information will be requested, including:
    - ✓ Description of benefits/fringe benefits provided to employees
    - ✓ Entity relationship chart, parent company, affiliated corporations
    - ✓ Financial information and/or related business documentation to verify information provided in the application
    - ✓ Readiness and site control

Negotiation and Award Phase

- GO-Biz and applicant will negotiate terms of the contract
- GO-Biz will recommend fully executed contracts for Committee approval
- Contract will be made public prior to the Committee meeting
- Committee will either approve or deny the recommendation
- Award information will be posted on GO-Biz's website upon approval by the Committee with 5 business days

Additional questions or feedback:
CalCompetes@gov.ca.gov

(916) 322-0694

(877) 345-4633

http://www.business.ca.gov/Programs/CaliforniaCompetesTaxCredit.aspx