

MANUFACTURING+
SALES & USE TAX
EXEMPTION



New
Employment
CREDIT

G E D I

**GOVERNOR'S ECONOMIC
DEVELOPMENT INITIATIVE**



Manufacturing Equipment+ Sales & Use Tax Exemption

Incentive Type

- Sales Tax Exemption

Value of Incentive

- Eliminates California portion of sales tax (4.19%)

Maximum Annual Amount

- \$200 million of equipment regardless of entity type

Getting Incentives

- Benefit immediate - no state tax paid at time of purchase

Business Location

- Anywhere in California

Equipment Qualified for Manufacturing Equipment+ Sales & Use Tax Incentive

- Basic manufacturing equipment PLUS...
 - Food processing equipment
 - Manufacturing R&D equipment
 - Biotech manufacturing equipment
 - Biotech R&D equipment
 - Food processing R&D equipment
 - Addition of necessary tenant improvements (ex: clean rooms for biotech, manufacturing, et al.)



New Employment Credit

Middle Class Wages

Max Credit Amount

Credit Calculation

Employee
Qualifications

Poverty Area
Targeting

Retroactive Availability

Credit to Replace
Current Employees

Incentive
Transparency

- Credit based on wages above \$12 an hour & up to \$28 an hour (or above \$10 an hour base in limited pilot areas)
- \$56,000 per employee (5-year total, 2,000 hours)
- 35% of wages each year for a total of 175%
- Persons unemployed 6 months, veterans within one year of separation, EITC recipients, ex-offenders and recipients of CalWorks or general assistance
- Areas based on census tracts with highest unemployment and poverty rates as well as LAMBRAS and current enterprise zone boundaries (excluding wealthy areas)
- No retroactive availability
- Employer gets credit only for increasing jobs
- Tax credit info will be publicly posted on FTB webpage



California Competes Credit

Incentive Type

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

Amount of Credit

- Credit amount depends on several factors including:
 - The number of jobs the business will create or retain and the compensation paid to its employees
 - The amount of investment in California by the business as well the business' economic impact here
 - No single business will receive more than 20% of the total amount available.

Business Location

- Location can be ANYWHERE in California

Business Size

- Credit available to both large and small businesses. 25% of available credit each year specifically reserved for small businesses (gross receipts of less than \$2M)

Incentive Transparency

- All CC incentive awards will be made public and award information must be posted on the GO Biz web page



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