



## Business Incentives and Support

### Local Incentives

#### City of San Diego - Economic Development Agreement

- The EDA provides assistance to businesses which provide revenue and jobs to the city in the form of: assistance with permits and approvals; crediting up to 45 percent of sales or use taxes paid by the business against City business license taxes and/or development related fees; rebating up to 25 percent of sales or use taxes paid by the business; or reducing water and sewer charges by \$1,000 per equivalent dwelling unit.

#### San Diego Workforce Partnership

- On-the-Job Training Program (OJT) is designed to assist businesses hire and train new employees who do not have sufficient experience and knowledge in the jobs for which they are being hired. The employer's training expenses will be paid at a rate not to exceed 50 percent of the wages the new employee earns during the contracted training period
- Customized training and curriculum programs exist at the workforce investment board, community college, and university level to ensure we have the right programs to respond to and proactively address industry's needs

### California State Incentives

#### Sales & Use Tax Savings on Purchases

- Sales and Use Tax Exclusion offers a full sales and use tax exclusion (between 7.5 and 10 percent statewide) for advanced manufacturing and advanced transportation technologies
- Sales and Use Tax Exemption offers a partial sales and use tax exemption (4.2 percent) for manufacturing, process, refining, fabricating, or recycling, as well as research and development purchases



**Pharmaceutical  
manufacturers pay \$110,812  
annually and employ 5,937  
workers in San Diego**

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#### Tax Credits

- California Competes Tax Credit is an income tax credit made available to business that want to locate to and grow in California. The annual budget for this program is \$150 million with designated application periods. For FY 2014-2015, the last application period runs from March 9 through April 6 with more than \$31.1 million in funds available
- Research and Development Tax Credit is a 15 percent credit for qualified in-house research expenses and a 24% credit for basic research payments to an outside organization are offered to companies that conduct qualified research activities in California. A federal research credit is also available
- New Employment Credit is available to companies in designated geographic areas of the state who have a net increase in employment and hire qualified employees. The tax credit is up to 35 percent of qualified wages

#### Property Tax Relief

- Capital Investment Incentive Program provides for property tax rebates beyond the first \$25 million of assessed property for industry codes 3364 (Aerospace Products and Parts Manufacturing) and 3359 (Other Electrical Equipment and Component Manufacturing), subject to approval by local jurisdictions

#### Workforce Development Incentives

- Employment Training Panel provides an opportunity for employers to get reimbursed for training their existing staff and new hires; options exist to either apply for your own contract or to contract with an existing contract holder



## California State Incentives

### Financing

- Industrial Development Bonds offer tax-exempt securities of up to \$10 million for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities for private companies
- California Capital Access Program encourages financial institutions to make loans to small businesses that fall just outside their conventional underwriting standards by insuring up to 100 percent coverage on certain loan charge offs. Also as part of this program, Collateral Support pledges cash to cover the collateral shortfall of loans of \$100,000 or more and provides up to 40 percent of the loan value, with the possibility of an additional 10 percent for businesses located in a Severely Affected Community
- California Pollution Control Financing Authority Tax-Exempt Bond Financing Program provides tax-exempt bond financing to California businesses for the acquisition, construction, or installation of qualified pollution control, waste disposal, waste recovery facilities, and the acquisition and installation of new equipment
- California Small Business Loan Guarantee Program provides loan guarantees for small businesses that can cover up to 90 percent of the loan amount

## Federal Incentives

### Trade Incentives

- Foreign Trade Zones are federally designated areas where companies can delay or reduce duty payments on foreign merchandise. There are two types of Foreign Trade Zones, general purpose and subzones (the latter is for a specific company or use). San Diego has one FTZ in the City of San Diego (No. 153)
- Interest-Charge Domestic International Sales Corporation (IC-DISC) is a federal tax incentive for exporters of products made in the U.S. California manufacturers who receive 50 percent of their net income from foreign sales may be subject to a significantly reduced US income tax rate
- Export-Import Bank finances the export of U.S. goods and services to international markets by providing working capital guarantees (pre-export financing); export credit insurance; and loan guarantees and direct loans

### Financing

- EB-5 Financing provides foreign nationals the opportunity to become conditional residents for a period of two years upon making an investment of \$1 million, or \$500,000 in a designated Targeted Employment Area, in a new commercial enterprise. Each unit of investment must create at least ten new, direct or indirect jobs for U.S. workers
- Small Business Administration Loan Programs include general small business loans (7(a)), microloans, real estate and equipment loans, CDC/504, and disaster loans

### Workforce Development

- Work Opportunity Tax Credit is available to employers for hiring individuals from certain target groups who have consistently faced significant barriers to employment

### Tax Credits

- New Markets Tax Credit Program awards companies a tax credit against their Federal income in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years



**Medical device  
manufacturers pay \$80,086  
annually and employ 5,993  
workers in San Diego**

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