



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 2016-2017



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<https://www.facebook.com/cagobiz>

 **California Governor's Office of Business and Economic Development (GO-Biz)**
June 9 at 1:55pm · 🌐

California surpasses Texas, Florida & others as the Top State for Economic Development. GO-Biz recognized as the Top Economic Development program in the US by the leading industry publication Area Development Magazine. #CAGold <http://p0.vresp.com/CQiDX1>




 **California Governor's Office of Business and Economic Development (GO-Biz)**
June 15 at 3:55am · 🌐

"California grew by 4.1 percent in 2015, compared with a 2.4 percent increase for the U.S. and 1.1 percent for France. Last year, California created the most jobs of any state, more than the second- and third-most-populous states Florida and Texas combined. Four of the world's 10 largest companies are based in California, including Alphabet Inc. and Facebook."



@CAGoBiz
#CalCompetes

 **GO-Biz @CAGoBiz**
ALERT: California Competes Application OPEN today. Apply NOW for tax credits to expand your business. #CalCompetes business.ca.gov/Programs/Calif...

👤 ↻ ❤️ ⋮

Agenda

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

GO-Biz Services

California
Business
Investment
Services (CalBIS)

Small Business
Assistance

California
Business Portal

Innovation and
Entrepreneurship

Permitting
Assistance

International
Affairs and Trade
Development

Small Business Assistance

- Provides assistance through informational workshops, interagency projects, and direct advocacy
- Maintains a comprehensive list of small business resources for state procurement, loan programs, and business planning
- <http://business.ca.gov/programs/smallbusiness.aspx>

Permitting Assistance

- Provides permit identification and regulatory compliance assistance
- Offers pre-application meetings between businesses and the appropriate regulatory agencies
- Maintains online permit assistance website:
www.calgold.ca.gov



California Business Portal

Business Navigator

Not sure where to start? Use the California Business Navigator to find custom information for your business

Business Service Desk

Get answers to commonly asked questions relating to taxes, permits, incentive programs, regulations, and workforce information

Quick Start Guides

Quick Start Guides contain essential information for starting, growing, and expanding specific types of businesses

<http://businessportal.ca.gov>



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

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

California Competes Tax Credit Availability

Tentative Amount of Credits Available

\$243.3 million in fiscal year 2016/17

\$200 million in fiscal year 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

Application Periods

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

Fiscal Year 2016-2017

July 25, 2016 – August 22, 2016

\$75 million available

January 2, 2017 – January 23, 2017

\$100 million available

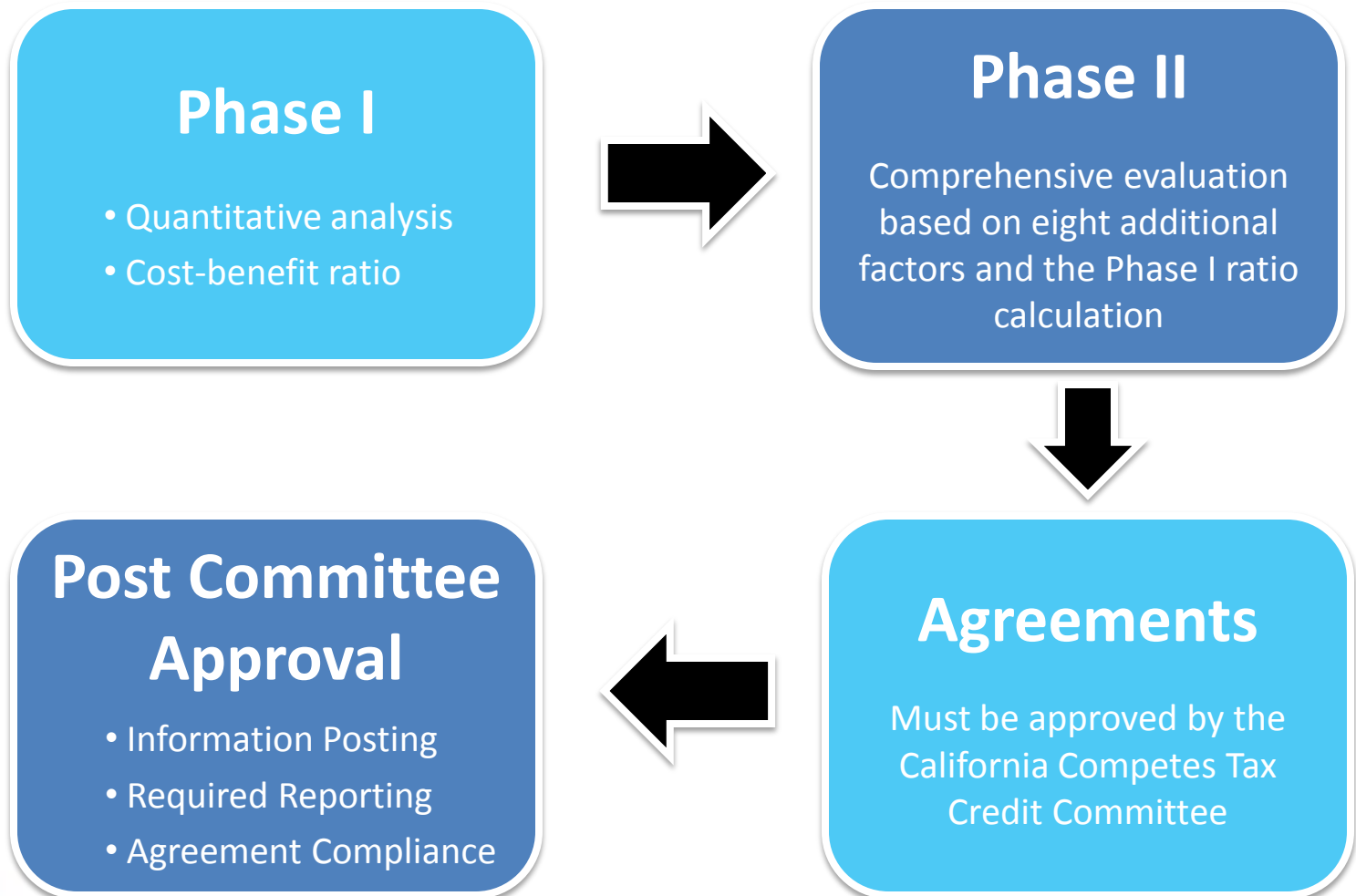
March 6, 2017 – March 27, 2017

\$68.3 million available

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**

Credit Application and Award Process



Phase I Evaluation

Cost-Benefit Ratio:

Amount of Credit Requested

Aggregate Employee
Compensation

+

Aggregate
Investment

Applications with the most advantageous cost-benefit ratio will be moved to Phase II

“Absent Award” applicants will advance to Phase II regardless of ratio

Phase II Evaluation

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

Note: Evaluated factors are 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)

Agreements

Taxpayer: Widget Manufacturing LLC

	2015 Tax Year (Base)	2016 Tax Year	2017 Tax Year	2018 Tax Year	2019 Tax Year	2020 Tax Year	Total	
Total California Full-Time Employees ¹	5	6.5	8	9	9	9		
Net Increase of Full-Time Employees Compared to the Base Year		1.5	3	4	4	4		
Minimum Annual Salary of California Full-Time Employees Hired		\$35,000	\$35,000	\$35,000	\$35,000	\$35,000		
Cumulative Average Annual Salary of California Full-Time Employees Hired		\$40,000	\$40,000	\$50,000	\$50,000	\$50,000		
Investments		\$0	\$100,000	\$75,000	\$0	\$0		\$175,000
Tax Credit Allocation		\$24,000	\$24,000	\$24,000	\$24,000	\$24,000		\$120,000

¹ Determined on an annual full-time equivalent basis

Post Committee Approval

GO-Biz is required to post information on its website for all awardees

Name	Primary Location(s)	Industry	Net Increase of Full-Time Employees	Investments	Amount of Tax Credit	Amount Recaptured
Wolf & Associates, Inc.	Costa Mesa	3D Printer Manufacturing	120	\$1,200,000	\$500,000	
Caylym Technologies International, LLC	Fresno	Fire Suppression and Flood Containment Product Manufacturing	53	\$3,457,500	\$1,500,000	
Tioga Research, Inc.	San Diego	Biotechnology Research & Development	21	\$1,116,241	\$45,000	
Kinkisharyo (USA), Inc.	Palmdale	Light Rail Vehicle Manufacturing	103	\$12,000,000	\$417,600	
Just Say Music	Sacramento	Musical Instrument Instruction and Repair Services	4	\$1,700,000	\$60,000	

For a list of all awardees, visit the [awardee list](#).

Oversight/Accountability

Franchise Tax Board (FTB)

- Access to application and all documentation
- Must review books/records for agreement compliance for non-small businesses
- 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 2016-2017



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



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 (W-2 Employees)
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 purchased or leased after the close of the current application period, directly related to the applicant’s proposed 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

- ✓ 5 year business plan, including:
 - Projected number of new full-time employees, their job classifications, and wages
 - Projected amount of new investment

Creating an Account

Welcome to
California Competes Tax Credit



Log In

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

Email

Email Key

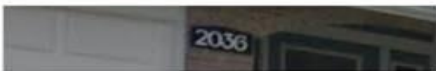

I already have a key Create an account

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

Creating an Account (Continued)

Create an Account

Human verification

Type the text [Privacy & Terms](#)

First Name

Middle Initial

Last Name

Title

Company

Phone (Primary)

Phone (Alternate)

Email

Your email address will be used to log you into the application. To avoid delays when logging in, specify an email address that does not forward to other addresses.

Email

Reenter Email

Create Account

Login

Welcome to
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

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-hClslLFtSBtjwhhMgrE9LMK5XeaLjBIEO3TZNL3hhdX8HEhib0Ux2F35HbRJAYB12sv1yXWVX493PDmeM4Y>


Login (Continued)

Confirm log in

Email

Key

Auto-Logout 

 **Re-send email**

Creating an Application

Welcome to
California Competes Tax Credit



Start

Create a New Application



My Applications



Creating an Application (Continued)

Create Application

Applicant's Legal Business Name

Has the applicant previously been awarded a California Competes Tax Credit?

Applicant's Current Taxable Year (As of **(Select a Year)**

Accounting Period End Date **(Select an Accounting Period)**

Accounting Period End Date (If Other)

Description of Other Accounting Period End Date (Optional)

Create Application

Date will reflect the last day of each application period.

Applicant's Current Taxable Year changes depending on the last day of the application period.

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 Phase II

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 authorized 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 Business Name	<input type="text"/>
Applicant's Worldwide Gross Receipts in XXXX Tax Year	<input type="text"/>
Federal Employer Identification Number (xx-xxxxxxx)	<input type="text" value="xx-xxxxxxx"/>
California Taxpayer Identification Number	<input type="text"/>
Secretary of State Entity Number (Cxxxxxxx OR [Year]xxxxxxx)	<input type="text" value="Cxxxxxxx OR [Year]xxxxxxx"/>
Year Business Established	<input type="text"/>

Changes to reflect worldwide gross receipts in tax year prior to current tax year

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](#)

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](#)

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 [U.S. Economic Classification Policy Committee \(ECPC\)](#), [Statistics Canada](#), and Mexico's [Instituto Nacional de Estadística](#) for a high level of comparability in business statistics.


This official U.S. Government Web site provides the latest information on plans for NAICS revisions, as well as information on the [NAICS Manual](#).

The official 2012 U.S. NAICS Manual includes definitions for each industry, background information, tabular data, and other information. The Manual is available in print and on CD-ROM from the National Technical Information Service (NTIS) at [www.ntis.gov](#). Additional information on the background and development of NAICS is available in the [History](#) section.

Downloads/Reference Files/Tools

Choose the 6-digit 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**

Entity Location

Entity Type

Other Type

Complete  **Cancel**

Business Structure (Continued)

Entity Type	<input type="text" value="US S Corporation"/>
Is the applicant publicly traded?	<input type="checkbox"/> No
Is the applicant incorporated in California or qualified with the California Secretary of State to transact intrastate business in California?	Yes <input type="checkbox"/>
State of Incorporation	<input type="text"/>
<input type="button" value="Save"/> <input type="button" value="Complete"/> <input type="button" value="Cancel"/>	

Proposed Project

Proposed Project

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

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.**

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" or "it may" 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 may occur in another state or the applicant may 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 any member of 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 (\$)

(Whole number, from \$20,000 to \$48,673,200)

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

Note: Tax Year will be adjusted in each application period.

1. Existing number of full-time employees in California	<input type="text" value="0"/>
2. Existing number of part-time employees in California	<input type="text"/>
3. Existing number of full-time employees in the US	<input type="text"/>
4. Existing number of part-time employees in the US	<input type="text"/>
5. Number of California full-time employees that were hired and that will be hired in the applicant's 2016 tax year	<input type="text"/>
6. Minimum annual salary of California full-time employees that were hired and that will be hired in the applicant's 2016 tax year (\$)	<input type="text"/>
7. Average annual salary of California full-time employees that were hired and that will be hired in the applicant's 2016 tax year (\$)	<input type="text"/>
8. Number of California full-time employees that will be hired in the applicant's 2016 tax year after <input type="text" value="XX/XX/XXXX"/>	<input type="text"/>

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

Date will reflect the last day of each application period.

Investment

Investment

Investment means the amount that will be paid after the last day of the application period for qualifying real and personal property that will be purchased or leased by the applicant after the last day of the application period. Investment includes capitalized construction costs if the construction activity occurs and is paid for after the last day of the application period. For the complete definition of real and personal property please review the California Competes Tax Credit regulations located [here](#).

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 for applicant's 2016 Tax Year

Amount of Investment for applicant's 2017 Tax Year

Amount of Investment for applicant's 2018 Tax Year

Amount of Investment for applicant's 2019 Tax Year


Amount of Investment for applicant's 2020 Tax Year

Aggregate Investment

Date will reflect the last day of each application period.

Note: Tax Year will be adjusted in each application period.

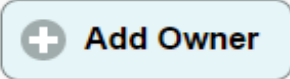
Ownership


 **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%) 

Add Owner **Cancel** 

Incentives and Programs

1	Incentives and Programs
<input type="checkbox"/>	California Alternative Energy and Advanced Transportation Financing Authority (State Treasurer's Office)
<input type="checkbox"/>	Employment Training Panel (Labor and Workforce Development Agency)
<input type="checkbox"/>	Utility Economic Development Rate (Regional Utility Company)
<input type="checkbox"/>	Local Programs
Local Programs - Description	
<input type="text"/>	
<input type="checkbox"/>	New Employment Credit (Franchise Tax Board)
<input type="checkbox"/>	Sales and Use Tax Exemption (Board of Equalization)
<input type="checkbox"/>	Federal Programs
Federal Programs - Description	
<input type="text"/>	

Litigation and Violations

7 **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 litigation, or 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 not limited to air, water, and ground) litigation, or involved in any state or federal environmental (including but not 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

Sections	
Contact Information	Complete >
Business Information	Complete >
Business Structure	Complete >
Proposed Project	Complete >
Project Locations	Complete >
Employees	Complete >
Investment	Complete >
Ownership	Complete >
Incentives and Programs	Complete >
Litigation and Violations	Complete >
Consultant Questions	Complete >

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

Submit Options Report Phase II

Submitting the Application (Continued)

7 **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.

Example Application

Widget Manufacturing LLC is a small business

- Currently has 5 full-time and 2 part-time employees
- Will hire 3 full-time hourly employees in its 2016 tax year that are anticipated to work half of the year (875 hours) and will be paid \$35,000, \$40,000, and \$45,000 on an annualized basis
- Will hire 1 salaried employee at start of 2018 (\$80,000)
- Will invest \$100,000 in 2017 and \$75,000 in 2018

Example Application

Widget Manufacturing LLC

	Current	2016	2017	2018	2019	2020
Total Employees	5	8	8	9	9	9
Full-Time Hires		3		1		
Projected Hours/Weeks for AFTE Increase		2,625 Hours		50 Weeks		
Increase in AFTE		1.5		1		
Part Time*	2	-	-	-	-	-
Investments			\$100,000	\$75,000		
Minimum Wage		\$35,000		\$80,000		
Average Wage		\$40,000		\$80,000		

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.

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" or "it may" 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 may occur in another state or the applicant may terminate all or a portion 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 any member of 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 (\$)

120,000

Save

Complete



Cancel

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 2016 tax year	3
6. Minimum annual salary of California full-time employees that were hired and that will be hired in the applicant's 2016 tax year (\$)	35,000
7. Average annual salary of California full-time employees that were hired and that will be hired in the applicant's 2016 tax year (\$)	40,000
8. Number of California full-time employees that will be hired in the applicant's 2016 tax year after <input type="text" value="XX/XX/XXXX"/>	3

Date will reflect the last day of each application period.

Employees (Continued)

9. Number of California full-time employees that will be hired in the applicant's 2017 tax year	<input type="text" value="0"/>
10. Minimum annual salary of California full-time employees that will be hired in the applicant's 2017 tax year (\$)	<input type="text" value="0"/>
11. Average annual salary of California full-time employees that will be hired in the applicant's 2017 tax year (\$)	<input type="text" value="0"/>
12. Number of California full-time employees that will be hired in the applicant's 2018 tax year	<input type="text" value="1"/>
13. Minimum annual salary of California full-time employees that will be hired in the applicant's 2018 tax year (\$)	<input type="text" value="80,000"/>
14. Average annual salary of California full-time employees that will be hired in the applicant's 2018 tax year (\$)	<input type="text" value="80,000"/>

Employees (Continued)

15. Number of California full-time employees that will be hired in the applicant's 2019 tax year	<input type="text" value="0"/>
16. Minimum annual salary of California full-time employees that will be hired in the applicant's 2019 tax year (\$)	<input type="text" value="0"/>
17. Average annual salary of California full-time employees that will be hired in the applicant's 2019 tax year (\$)	<input type="text" value="0"/>
18. Number of California full-time employees that will be hired in the applicant's 2020 tax year	<input type="text" value="0"/>
19. Minimum annual salary of California full-time employees that will be hired in the applicant's 2020 tax year (\$)	<input type="text" value="0"/>
20. Average annual salary of California full-time employees that will be hired in the applicant's 2020 tax year (\$)	<input type="text" value="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 2015 tax year

5

23. Number of salaried full-time employees the applicant employed in California for 50 weeks or more during the applicant's 2015 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 2015 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 2015 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.

5.000

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

Employees (Continued)

2016 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 2016 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 2016 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 2016 tax year

3

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

2,625

32. 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

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 2016 tax year, determined on an annual full-time equivalent basis.

6.500

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)

2017 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 2017 tax year

35. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2017 tax year

36. 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

37. Total number of hours that will be worked by the employees in question 36

38. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2017 tax year

39. Total number of weeks that will be worked by the employees in question 38

Number of full-time employees the applicant will employ in the 2017 tax year, determined on an annual full-time equivalent basis.

8.000

Employees (Continued)

2018 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 2018 tax year

41. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2018 tax year

42. 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

43. Total number of hours that will be worked by the employees in question 42

44. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2018 tax year

45. Total number of weeks that will be worked by the employees in question 44

Number of full-time employees the applicant will employ in the 2018 tax year, determined on an annual full-time equivalent basis.

9.000

Employees (Continued)

2019 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 2019 tax year

47. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2019 tax year

48. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2019 tax year

49. Total number of hours that will be worked by the employees in question 48

50. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2019 tax year

51. Total number of weeks that will be worked by the employees in question 50

Number of full-time employees the applicant will employ in the 2019 tax year, determined on an annual full-time equivalent basis.

9.000

Employees (Continued)

2020 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 2020 tax year

53. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2020 tax year

54. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2020 tax year

55. Total number of hours that will be worked by the employees in question 54

56. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2020 tax year

57. Total number of weeks that will be worked by the employees in question 56

Number of full-time employees the applicant will employ in the 2020 tax year, determined on an annual full-time equivalent basis.

9.000

Aggregate Employee Compensation

\$780,000

Complete



Cancel

Investment

Investment means the amount that will be paid after the last day of the application period for qualifying real and personal property that will be purchased or leased by the applicant after the last day of the application period. Investment includes capitalized construction costs if the construction activity occurs and is paid for after the last day of the application period. For the complete definition of real and personal property please review the California Competes Tax Credit regulations located [here](#).

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 for applicant's 2016 Tax Year

0

Amount of Investment for applicant's 2017 Tax

Date will reflect the last day of each application period.

100,000

Amount of Investment for applicant's 2018 Tax Year

75,000

Amount of Investment for applicant's 2019 Tax Year

0


Amount of Investment for applicant's 2020 Tax Year

0

Aggregate Investment

\$175,000

Complete

 **Cancel**

My Application

Widget Manufacturing LLC

Submitted



Score: $0.125654400 = \text{CR}:\$120,000 / (\text{AEC}:\$780,000 + \text{AI}:\$175,000)$

Cost-Benefit
Ratio Example

Historical Ratios

FISCAL YEAR	BUSINESSES OTHER THAN SMALL	SMALL BUSINESSES
2015-16 1 st period	.1449	.2016
2015-16 2 nd period	.0653	N/A
2015-16 3 rd period	.1242	.1737

This information is updated after every application period and can be found online at www.business.ca.gov/calcompetes.aspx under Frequently Asked Questions.

Contractual Milestones / Credit Allocation

Taxpayer: Widget Manufacturing LLC

	2015 Tax Year (Base)	2016 Tax Year	2017 Tax Year	2018 Tax Year	2019 Tax Year	2020 Tax Year	Total
Total California Full-Time Employees ¹	5	6.5	8	9	9	9	
Net Increase of Full-Time Employees Compared to the Base Year		1.5	3	4	4	4	
Minimum Annual Salary of California Full-Time Employees Hired		\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	
Cumulative Average Annual Salary of California Full-Time Employees Hired		\$40,000	\$40,000	\$50,000	\$50,000	\$50,000	
Investments		\$0	\$100,000	\$75,000	\$0	\$0	\$175,000
Tax Credit Allocation		\$24,000	\$24,000	\$24,000	\$24,000	\$24,000	\$120,000

Tax Years will vary if you are a fiscal or calendar filer.

¹ Determined on an annual full-time equivalent basis

California Competes Tax Credit

Questions?



Apply: www.calcompetes.ca.gov

Email: calcompetes@gov.ca.gov

Phone: (916) 322-4051

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