



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 2015-2016

Agenda

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

Governor's Economic Development Initiative (GEDI)

Hiring Tax Credit (New Employment Credit)

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



Manufacturing Partial Sales Tax Exemption

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



California Competes Tax Credit

- Started March 2014
- Administered by GO-Biz



The California Competes Tax Credit

California Competes Tax Credit:

- Credit against the income tax due the Franchise Tax Board
- Non-refundable
- 6 tax year carryover
- Legislation signed by Governor Brown in September 2014 allows the credit to reduce tax below the tentative minimum tax

Accountability:

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

California Competes Tax Credit (Continued)

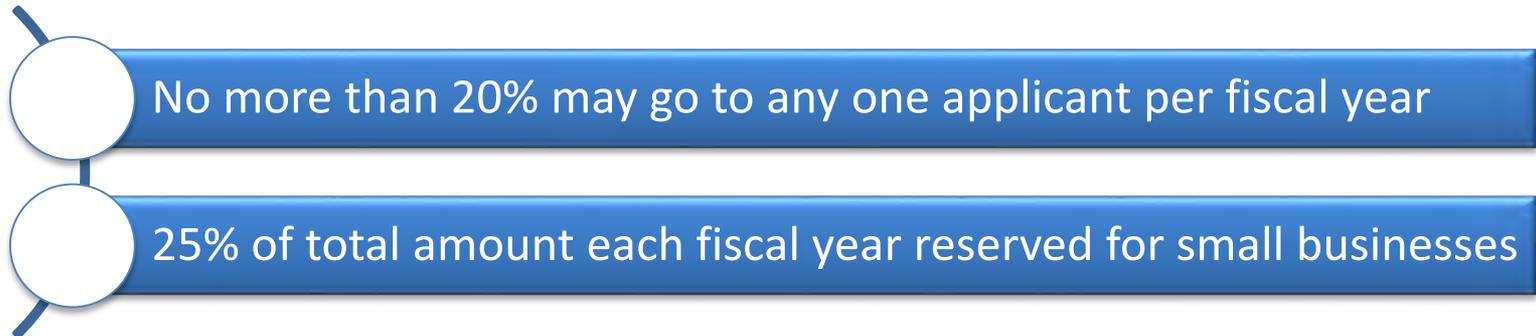
Credit awards are based on 11 factors:

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

California Competes Tax Credit Availability

Tentative Amount of Credits Available:

- \$200 million in each fiscal year 2015/16 – 2017/18



Application Periods

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

Fiscal Year 2015-2016:

July 20, 2015 – August 17, 2015

- \$75 million available

January 4, 2016 – January 25, 2016

- \$75 million available

March 7, 2016 – March 28, 2016

- \$50.9 million plus unallocated amounts from previous application periods

Application Process

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

Two Phase Evaluation Process

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



Applications from small businesses will be compared to applications from other small businesses



Applicants certifying that absent award of the credit the project will/may occur in another state will automatically move to Phase II

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

There will be a review of the top 200% of applicants

Phase II Evaluation

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

Note: 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)

Post Committee Approval

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

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

Oversight / Accountability

Franchise Tax Board (FTB)

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

Material Breach

- FTB informs GO-Biz
- Committee approves or denies recapture

California Competes Application Guide



Fiscal Year 2015-2016



Key Definitions

General Definitions

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



Key Definitions

Employment Definitions

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



Key Definitions

Investment Definitions

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

Creating an Account

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 >

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

Applicant's Worldwide Gross Receipts in XXXX Tax Year

Federal Employer Identification Number (xx-xxxxxxx)

California Taxpayer Identification Number

Secretary of State Entity Number (Cxxxxxxx OR [Year]xxxxxxx)

Year Business Established

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

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 [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 Estadística](#) 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 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

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

Business Structure

 **Business Structure**

Entity Location

Entity Type

Other Type

Complete  **Cancel**

Business Structure (Continued)

Entity Type

Is the applicant publicly traded? No

Is the applicant incorporated in California or qualified with the California Secretary of State to transact intrastate business in California? No

State of Incorporation

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?

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

Note: Retention only projects and applicants answering "yes" 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?	<input type="text"/>
Is all or a portion of the applicant's proposed increase of employees due to an employee leasing arrangement with another business?	<input type="text"/>
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?	<input type="text"/>
Is all or a portion of the applicant's proposed increase of employees due to a transfer of employees from a "controlled group of corporations" (as defined in Revenue and Taxation Code section 23626) in which the applicant is a member?	<input type="text"/>
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?	<input type="text"/>
Total Amount of California Competes Tax Credit Requested (\$)	
<input type="text"/>	
<input type="button" value="Save"/>	<input type="button" value="Complete"/> <input type="button" value="Cancel"/>

Proposed Locations

Project Location

Address Line 1

Address Line 2

City

State **California Only**

US Zip Code

This is the primary location

Add Project Location **Cancel** 

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

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

Employees

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.

Employees (Continued)

9. Number of California full-time employees that will be hired in the applicant's 2017 tax year	<input type="text"/>
10. Minimum annual salary of California full-time employees that will be hired in the applicant's 2017 tax year (\$)	<input type="text"/>
11. Average annual salary of California full-time employees that will be hired in the applicant's 2017 tax year (\$)	<input type="text"/>
12. Number of California full-time employees that will be hired in the applicant's 2018 tax year	<input type="text"/>
13. Minimum annual salary of California full-time employees that will be hired in the applicant's 2018 tax year (\$)	<input type="text"/>
14. Average annual salary of California full-time employees that will be hired in the applicant's 2018 tax year (\$)	<input type="text"/>
15. Number of California full-time employees that will be hired in the applicant's 2019 tax year	<input type="text"/>
16. Minimum annual salary of California full-time employees that will be hired in the applicant's 2019 tax year (\$)	<input type="text"/>
17. Average annual salary of California full-time employees that will be hired in the applicant's 2019 tax year (\$)	<input type="text"/>

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

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

Employees (Continued)

18. Number of California full-time employees that will be hired in the applicant's 2020 tax year

19. Minimum annual salary of California full-time employees that will be hired in the applicant's 2020 tax year (\$)

20. Average annual salary of California full-time employees that will be hired in the applicant's 2020 tax year (\$)

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

No

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

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

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

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

25. Total number of hours worked by the employees in question 24

26. Number of salaried full-time employees the applicant employed in California for less than 50 weeks during the applicant's 2015 tax year

27. Total number of weeks worked by the employees in question 26

Number of full-time employees the applicant employed in the base year, determined on an annual full-time equivalent basis.

0.000

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

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

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

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

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

32. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2016 tax year

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

Number of full-time employees the applicant will employ in the 2016 tax year, determined on an annual full-time equivalent basis. **0.000**

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

Note: Tax Year will be adjusted in 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"/>

Incentives and Programs (Continued)

Other State Programs
Other State Programs - Description

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

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

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

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 >

Submit Options Report Phase II

Submitting the Application (Continued)

Submit Application

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

I agree to the conditions above.

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

Submit Application

Confirmation Email

Subject: Your application was submitted

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

Sample Application

- Applicant, Widget Manufacturing LLC, is a small business
- Currently has 5 full-time and 2 part-time employees
- Widget will hire 3 full-time hourly employees in its 2016 tax year that are anticipated to work 875 hours each that tax year and at least 1,750 hours/year thereafter (\$35,000, \$40,000, and \$45,000 annually)
- Will hire 1 full-time salaried employee at the beginning of its 2018 tax year (\$80,000 annually)
- \$100,000 investment in manufacturing equipment in its 2017 tax year
- \$75,000 investment in 3 delivery vehicles in its 2018 tax year

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 (\$)

40,000

Complete

 **Cancel**

Employees

1. Existing number of full-time employees in California	<input type="text" value="5"/>
2. Existing number of part-time employees in California	<input type="text" value="2"/>
3. Existing number of full-time employees in the US	<input type="text" value="5"/>
4. Existing number of part-time employees in the US	<input type="text" value="2"/>
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" value="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 (\$)	<input type="text" value="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 (\$)	<input type="text" value="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"/>	<input type="text" value="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

0

10. Minimum annual salary of California full-time employees that will be hired in the applicant's 2017 tax year (\$)

0

11. Average annual salary of California full-time employees that will be hired in the applicant's 2017 tax year (\$)

0

12. Number of California full-time employees that will be hired in the applicant's 2018 tax year

1

13. Minimum annual salary of California full-time employees that will be hired in the applicant's 2018 tax year (\$)

80,000

14. Average annual salary of California full-time employees that will be hired in the applicant's 2018 tax year (\$)

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

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

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

25. Total number of hours worked by the employees in question 24

26. Number of salaried full-time employees the applicant employed in California for less than 50 weeks during the applicant's 2015 tax year

27. Total number of weeks worked by the employees in question 26

Number of full-time employees the applicant employed in the base year, determined on an annual full-time equivalent basis.

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

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

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

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

32. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2016 tax year

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

Number of full-time employees the applicant will employ in the 2016 tax year, determined on an annual full-time equivalent basis.

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

Amount of Investment for applicant's 2017 Tax

Date will reflect the last day of each application period.

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

\$175,000

Complete

 **Cancel**

My Application

Widget Manufacturing LLC

Submitted



Score: 0.041884820 = CR:\$40,000 / (AEC:\$780,000 + AI:\$175,000)

Cost-Benefit
Ratio Sample

Historical Ratios

FISCAL YEAR	BUSINESSES OTHER THAN SMALL	SMALL BUSINESSES
2013-14	.0184	.0925
2014-15 1 st period	.01383	.3442
2014-15 2 nd period	.01433	.8368
2014-15 3 rd period	.0134	.1389
2015-16 1 st period	.1449	.2016

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 Employees¹	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		\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$40,000

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

Governor's Office of Business & Economic Development
1325 J Street, Suite 1800
Sacramento, CA 95814

www.business.ca.gov/CalCompetes.aspx