County of Los Angeles
Business Incentives

March 2011

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BUSINESS INCENTIVES OVERVIEW

Los Angeles County has a variety of incentive programs available to both small and large businesses. However, the majority of bigger incentives are targeted, but not limited, to manufacturing companies (manufacturing, high tech manufacturing, and R&D) which plan to utilize large numbers of employees in the targeted community. Incentives should not be the only reason why one should consider a location, but could be one of many factors that could help lead to a final location decision. Potential business incentives may be offered at the federal, state and local level. Of the 88 cities in Los Angeles County, the City of Los Angeles offers the most in terms of incentive programs.

Incentives typically fall into two categories: legislated and discretionary. State and federal legislated incentives are "on the books" and available to any business that meets stated criteria. Discretionary incentives are customized and provided by certain cities and only for specific projects on a case-by-case basis. In almost every case, discretionary incentives come into play when a community is trying to attract a large business operation that brings significant investment into that community and will have a substantial impact on jobs created.

Rarely will either legislated or discretionary incentives turn a poor location into an acceptable one. Therefore, they should be considered only after a number of locations have been identified that satisfies a company’s key operation requirements. But among roughly equal alternatives, incentives can represent a decisive factor. Incentives should be combined with other factors as part of a strategic comparison of contending site locations.

Financial incentive availability depends on a variety of factors including the state or community’s needs and the project’s economic impact. In general, incentives are likely to be minimal in prosperous areas unless the project is viewed as highly desirable by local authorities. On the other hand, areas in dire need of new jobs and tax revenue are more likely to offer larger packages. Until all parties meet to discuss the potential size and economic impact of the project it is difficult to offer a preliminary estimate of incentives to be offered.

Sometimes just being in LA (Los Angeles County) and being identified with LA (the creative LA Brand) is a major incentive that is often overlooked.

DISCLAIMER: This guide is not all-inclusive and the criteria included may change after its release. The intent of this guide serves to provide an overview of programs and incentives that may be available to qualifying businesses physically located in the County of Los Angeles. Not all programs apply to all businesses. The information contained in this guide is not a substitute for legal counsel or for information provided by the agency administering the program.
OVERVIEW OF THE LAEDC & WTCA

About the LAEDC

The Los Angeles County Economic Development Corporation (LAEDC) is a private, non-profit organization established in 1981 under section 501(c)(3). The LAEDC is the region’s premier business leadership organization established to promote the economic development of Los Angeles County. Its mission is to attract, retain, and grow businesses and jobs for a region comprised of 88 cities, 10.4 million residents and over 418,000 businesses. Since 1996, the LAEDC has helped retain or attract more than 163,000 jobs, providing $8.5 billion in direct economic impact from salaries and $135 million in annual tax revenue benefit to local governments and education in Los Angeles County.

For more information, visit www.laedc.org and www.chooseLACounty.com

About the WTCA LA-LB

The World Trade Center Association Los Angeles – Long Beach (WTCA LA-LB) supports the development of international trade and business opportunities for Southern California companies as the leading international trade association, trade service organization and trade resource in Los Angeles County. It also promotes the Los Angeles region as a destination for foreign investment. The WTCA LA-LB is a subsidiary of the Los Angeles County Economic Development Corporation.

For more information, visit www.wtca-lalb.org
Federal Empowerment Zone

The federal government has designated sections of several California communities as Renewal Communities, Empowerment Zones and Enterprise Communities (RC, EZs and ECs).

Employer Wage Credit
Federal tax credits of up to $3,000 for hiring employees in the Empowerment Zone

Benefits:
The Empowerment Zone employer wage credit provides an incentive to hire individuals who both live in the Empowerment Zone and work for an Empowerment Zone business.

The wage tax credit is 20% of the first $15,000 in wages paid to an individual who resides in the Empowerment Zone and works for an Empowerment Zone business, or up to $3,000 yearly, from 2000 to 2009.

Section 179 Deduction
Section 179 property deduction increases up to an additional $35,000 for Empowerment Zone businesses

Benefits:
Section 179 Deduction allows businesses to deduct all or part of the cost of eligible property in the year the property is purchased and used. Businesses in an Empowerment Zone can increase their Section 179 deduction up to $35,000 on this qualifying property. This deduction is taken instead of taking depreciation deductions over a specific recovery period.

Eligibility:
Any depreciable property that is necessary for production of the business' income is eligible except inventory and real estate. Examples of qualifying depreciable property include; machinery, furniture, equipment, computers.

For more information on federal empowerment zone incentives and maps, go to http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/
Foreign Trade Zones (FTZ)

Deferral, reduction or elimination of US Customs duties for importers and exporters. Foreign Trade Zones allow business to postpone customs payments on imported goods until the product is shipped out of the zone. Foreign trade zones are secured areas legally outside of U.S. customs territory usually located in or near customs points of entry.

Foreign trade zones allow entry of foreign or domestic merchandise without formal customs entry or government excise taxes. Merchandise entering a zone may be stored, tested, sampled, re-labeled, repackaged, displayed, repaired, manipulated, mixed, cleaned, assembled, manufactured, salvaged, destroyed or processed. Products exported from or imported into foreign trade zones are excluded from customs duty and excise taxes until the time of transfer from the foreign trade zone.

General Purpose Foreign Trade Zones in Los Angeles County:

- **Zone No. 50, Long Beach**, California Grantee: Board of Harbor Commissioners of the Port of Long Beach, P.O. Box 570, Long Beach, CA 90801-0570 Larry Ditchkus (562) 590-4162.

- **Zone No. 191, Palmdale**, California Grantee: City of Palmdale 38300 North Sierra Highway, Palmdale, CA 93550-4798, (661) 267-5125. For more information on this zone go to [http://www.cityofpalmdale.org/business/foreign.html](http://www.cityofpalmdale.org/business/foreign.html)


- City of Industry's Foreign Trade Zone, contact the David Harlow of International Trade Consultants at (626) 333-3822. Email to drharlow@ftzconsultants.com.

Websites:
- [http://www.ia.ita.doc.gov/ftzpage](http://www.ia.ita.doc.gov/ftzpage)
- [http://www.portoflosangeles.org/](http://www.portoflosangeles.org/)
New Market Tax Credits

The New Market Tax Credit (NMTC) Program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year credit allowance period. In each of the first 3 years, the investor receives a credit equal to 5% of the total amount paid for the stock or capital interest at the time of the purchase. For the final 4 years, the value of the credit is 6% annually. Investors may not redeem their investments in CDEs prior to the conclusion of the 7-year period.

Website: [http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5)

Historically Underutilized Business Zones (HUBZone)

The Historically Underutilized Business Zones (HUBZone) program helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities. These preferences go to small businesses that obtain HUBZone certification in part by employing staff who live in a HUBZone. The company must also maintain a "principal office" in one of these specially designated areas. The program’s benefits for HUBZone-certified companies include:

- Competitive and sole source contracting
- 10% price evaluation preference in full and open contract competitions, as well as subcontracting opportunities.

The federal government has a goal of awarding 3% of all dollars for federal prime contracts to HUBZone-certified small business concerns.

Website: [http://www.sba.gov/hubzone/](http://www.sba.gov/hubzone/)

Work Opportunity Tax Credit (WOTC)

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit incentive that the Congress provides to private-sector businesses for hiring individuals from twelve target groups who have consistently faced significant barriers to employment. The main objective of this program is to promote the hiring of individuals who qualify as a member of a target group, while the participating employers are compensated by being able to reduce their federal income tax liability. An employer may qualify for a tax credit of up to $9,000 if the employee is a member of a designated target group and meets that group's specific requirements.

Enterprise Zone Credits

Enterprise zones are specific areas in the community where the state & local government partner and offer a variety of incentives to attract private business investment.

There are 12 Enterprise Zone areas in Los Angeles County:
Antelope Valley, Compton, Long Beach, Los Angeles-East, Los Angeles-East Valley, Los Angeles-Hollywood/Mid City, Los Angeles-Central, Los Angeles-South, Pasadena, Santa Clarita, South Gate-Lynwood

The Enterprise Zone Program spurs business development in designated communities through special zone incentives. Businesses located within the boundaries of an enterprise zone are eligible for tax credits against their California bank and corporation tax liability.

Sales and Use Tax Credit:
The first major enterprise zone tax credit is equivalent to the sales and use tax paid on the first $20 million of new or used manufacturing equipment purchased each year. Qualified machinery is the machinery or machinery parts used to:

• Manufacture, process, fabricate, or otherwise assemble a product;
• Produce renewable energy resources; or
• Control air or water pollution

The definition of “qualified property” has been expanded to include data processing and communications equipment including, but not limited to, computers, CAD systems, copy machines, telephones systems, and faxes. Equipment must be purchased in California unless equipment of comparable price and quality cannot be found in California.

Hiring Tax Credit
Secondly, businesses may claim a percentage of the wages paid to a qualified employee as a tax credit. The credit is based on the lesser of the actually hourly wage or 150% of the state established minimum wage.

The credit is provided over a five year period with 50% of the wages creditable in the first year of employment, 40% the second year, 30% the third year, 20% the fourth year, and 10% the fifth year. If the employee were to stay with the company for the entire 5-year period, the company would receive credits totaling nearly $37,440 per qualified employee. If the employee is terminated prior to 270 days of employment the credit is recaptured.
Other EZ Benefits

- A 15-year carryover of up to 100% of net operating losses;
- Up-front expensing of certain depreciable property. Lenders to Zone businesses may receive a net interest deduction;
- Unused tax credits can be applied to future tax years, stretching out the benefit of the initial investment;
- Enterprise Zone companies can earn preference points on state contracts.

Website: [http://www.hcd.ca.gov/fa/cdbg/ez/](http://www.hcd.ca.gov/fa/cdbg/ez/)

Maps of Los Angeles County Enterprise Zones on the web:

**Los Angeles, East** - Expires: 1/10/2023  
[http://www.hcd.ca.gov/fa/cdbg/ez/pdfs/newenterprise/Los_Angeles_East_Map.pdf](http://www.hcd.ca.gov/fa/cdbg/ez/pdfs/newenterprise/Los_Angeles_East_Map.pdf)

**Los Angeles, Hollywood** - Expires: 10/14/2021  

**Pasadena** - Expires: 4/10/2022  

**Long Beach** - Expires: 1/7/2022  
[http://www.hcd.ca.gov/fa/cdbg/ez/pdfs/newenterprise/LongBeachMap1-7-07.pdf](http://www.hcd.ca.gov/fa/cdbg/ez/pdfs/newenterprise/LongBeachMap1-7-07.pdf)

**Santa Clarita Valley** - Conditional re-designated zone - Expires: 6/30/2022  

**Compton** - Expires: 7/31/2022  

**South Gate/ Lynwood** - Expires: 10/14/2021  

**Antelope Valley (City of Lancaster & City of Palmdale)** - Expires: 1/31/2012  
Other California Incentives

Research and Development Tax Credit (R&D Tax Credit)

Designed to encourage companies to increase their basic research and development activities in California, the research and development tax credit allows companies to receive a 15% credit against their bank and corporation tax liability for qualified in-house research expenses, and a 24% credit for basic research payments to outside organizations. Qualified research expenses include wages, supplies and contract research costs. To qualify, a taxpayer’s research must be conducted within California and include basic or applied research of scientific inquiry, original investigation for the advancement of scientific or engineering knowledge or improved function of a business component.

Website: http://www.ftb.ca.gov/forms/misc/1082.pdf

Net Operation Loss Carryover

California tax law allows businesses that experience a loss for the year to carry this loss forward to the next year in order to offset income in the following years. New businesses can carryover 100% of their losses for 20 years if the loss is in their first year of operation.

Website: http://www.ftb.ca.gov/forms/misc/1083.pdf

Film and TV Production Tax Credit

For the next 5 years, the California Film Commission is offering a tax credit for new production in the state or production that returns to California from another state. The credit is 20% of expenditures related to film production in the state and 25% for productions returning to the state or independent films (capped at $100 million per year).

Website: http://film.ca.gov

Pollution Control Financing

The California Pollution control Financing Authority (CPCFA) provides tax-exempt bond financing for pollution control projects to help California businesses install new equipment and acquire or construct qualified pollution control, waste disposal, or waste recovery facilities. They also offer a Sustainable Communities Grant and Loan Program to assist communities in implementing “smart growth strategies”.

Website: http://www.treasurer.ca.gov/cpcfa/
Market Development and Expansion Grant Program

The Department of Conservation provides up to $20 million annually to increase beverage container recycling and to improve processing and manufacturing with recycled aluminum, glass and plastic. It encourages projects that advance environmentally and economically sustainable containers, packaging and other products. The program also supports R&D of new technologies.

Website: http://www.conservation.ca.gov/dor/grants/Pages/rmdeg.aspx

Beverage Container Recycling Infrastructure Loan Guarantee Program

The Department of Conservation provides loan guarantees or up to $10 million for capital expenditures of new infrastructure that would add recycling capacity, re-use and/or remanufacture beverage container materials into new products. Uses: equipment costs, building and facilities, rent/utilities, travel, contractual services, salaries, benefits, and other costs.

Website: http://www.conservation.ca.gov/dor/Notices/Documents/LGPNotice081707

USDA Rural Development

The U.S. Department of Agriculture (USDA) sponsors “Business & Industry” guaranteed loans in rural communities. USDA guarantees up to 80% on loans from $750,000 to $5 million and up to 70% on loans up to $10 million. Rates are fixed or variable and negotiated between lender and business. Terms are typically 7 years for working capital, 15 years on equipment and 30 years on real estate. Lenders negotiate their own fees and the USDA charges 2% of the guaranteed amount as a one-time fee. Most types of businesses qualify but the project must be in a rural area beyond the urbanized periphery surrounding a city of 50,000 or more.

Website: http://www.rurdev.usda.gov/ca/index.htm

Redevelopment Area

Various forms of financial assistance are available through local redevelopment agencies in California. Business may benefit through direct financial assistance, land assemblage, bond issuance and/or construction of public improvements. Redevelopment is funded through incremental property tax revenue increases that are a direct result of private investment and increased property values. Assistance may be in the form of fee reductions, infrastructure improvements, land cost reductions, mortgage interest reductions, rehabilitation/demolition/clearance of existing structures, and utility tax rebates. Legislation enables the redevelopment agency to provide financing for manufacturing projects under certain conditions. Capital financing or long-term operating leases may also be permitted.

Website: http://www.hcd.ca.gov/rdar/
L.A. COUNTY AND CITY INCENTIVES

L.A. County Recycling Market Development Zone (RMDZ)

The RMDZ is a low-interest loan program & technical assistance for manufacturers who use recycled material or process recycled material into a form usable to manufacture a new product. It also helps businesses that reuse post-consumer secondary materials and add value to recycled materials.

Zone areas are unincorporated LA County & the Cities of Burbank, Carson, Commerce, Compton, El Monte, Glendale, Inglewood, Palmdale, South Gate, Torrance, Vernon,

Website: http://dpw.lacounty.gov/epd/rmdz/

Cities of Los Angeles, Long Beach, Pasadena, Industry and Santa Clarita

City of Los Angeles: Electrical Rate Discount

LADWP offers a five-year electric rate reduction for new and expanding businesses locating in the City’s State Enterprise Zone, Federal Empowerment Zone, or Federal Renewal Community. The program is funded by LADWP and managed by the Community Development Department (CDD). Save 35% in the first year as a rate reduction on electrical consumption- for new or expanding businesses.

Website: http://www.ladwp.com/ladwp/cms/ladwp001137.jsp

City of Los Angeles: Energy Conservation & Rebate Programs

Southern California Edison offers a number of programs to help qualifying businesses reduce energy usage and lower electricity costs; SCE energy efficiency & Savings By Design, (www.sce.com, click on rebates & offers)

LA Department of Water & Power offers a variety of rate reduction programs for qualifying businesses in the City of Los Angeles, and for Enterprise Zones.

Websites: http://www.ladwp.com/ladwp/cms/ladwp001859.jsp
http://www.ladwp.com/ladwp/cms/ladwp008889.jsp
City of Los Angeles: Customs Duties Reduction

The program allows importers and exporters to defer, reduce, or eliminate U.S. Customs duties. Over twenty sites are available in the Los Angeles area. Please refer to the Port of Los Angeles. Website: http://www.portoflosangeles.org/facilities/ftz_202.asp

City of Los Angeles: New Business Tax Holiday

The New Business Tax Holiday exempts any new business from paying City of Los Angeles business taxes during its first three years of operation. All new businesses that establish or locate within the City between January 2010 and December 2012 are eligible.

City of Los Angeles: Use Tax Rebate Program

Businesses that participate in the City's Use Tax Rebate Program can qualify for a rebate of 20% on the additional State collected use tax (67.5%) remitted by the business.

Website: http://www.losangelesworks.org/resources/all-business-incentives.cfm

City of Long Beach: Retail Sales Tax

Through this program, the city returns to an eligible business 50% of the sales tax generated by the business in excess of the first $50,000 in sales tax. This program is available to a business for the period of time necessary to offset construction or improvement costs to a new expanded business and is not to exceed 15 years.

Website: http://www.longbeach.gov/ecd/incentives/retail_sales_tax.asp

City of Pasadena: Citywide Incentive for R&D

Incentives include priority plan check review and fee reductions (Construction Tax waiver) for research and development improvement projects throughout the City.
City of Pasadena: Incentive for Enterprise Zone Technology Development Area (EZTDA)

If your business or property is located within the EZTDA, and if the land use is primarily used for scientific research, then you may qualify for Building and Planning permit fee waivers for development, and a Business License Fee waiver for operation. To take advantage of these benefits, Research and Development businesses must obtain a letter from the Enterprise Zone Office first before applying for fee waivers. Nonresidential property owners are excluded from receiving the business license fee waiver.

Website: http://www.ci.pasadena.ca.us/economicdevelopment/technologyIncentives/

City of Industry

The City of Industry has no city business license fees, no wholesale or retail fees, no manufacturing fees, no professional tax and no utility tax.

Website: http://www.cityofindustry.org/page.php?19

City of Santa Clarita: Use Tax Incentive Program

If your business makes purchases that require you to submit use tax, you can take advantage of this program. All you need to do is administer the paperwork to designate the use tax that you already pay to the State of CA, to be distributed to Santa Clarita and you are eligible to have a portion of those funds returned to you. Participation in this program can mean a significant return to your business.

City of Santa Clarita: Industrial Development Authority

Being located in the City of Santa Clarita allows certain businesses access to tax-exempt private activity bonds to finance capital projects such as acquisition of land, construction, or rehabilitation of facilities, and the purchase of equipment.

Website: http://econdev.santa-clarita.com/Index.aspx?page=55
EMPLOYEE TRAINING

**Employment Training Panel**

The Employment Training Panel (ETP) assists businesses in acquiring and retraining a highly skilled work force with expertise in very specific fields in order to increase competitiveness and productivity. ETP will enter into a performance-based customized training contract, for new or existing employees, which are performed by either an approved training agency or the company itself.

As the training is completed, the costs for developing, implementing, and completing the training are reimbursed. Ranging from about $1,500 to $2,000 per employee, reimbursements are made to the company for each employee that completes training and remains on the job for 90 days. The program is open to all California companies that face out-of-state competition and one or more of the following conditions:

- A need to retrain current employees to prevent layoffs
- A need to upgrade workers in areas where there are skills shortages
- A desire to hire and train unemployed workers eligible to receive unemployment insurance
- Special or unique training needs in industries related to defense conversion or emerging technologies

Website: [www.etp.ca.gov](http://www.etp.ca.gov)

**WorkSource California (Workforce Investment Board)**

WorkSource California is the name for the network of full-service business centers located throughout Los Angeles County. Each WorkSource center offers efficient, cost-effective hiring, downsizing, training, and technology services to employers and businesses of all sizes. These centers offer qualified candidate listings, employee training sessions, conference room and meeting space, free job postings, and a fully equipped office center with computer, fax, and Internet access. Small business owners can also take advantage of specialized workshops and seminars related to recruitment and other human resources issues.

For more information, call the toll-free number (888) 226-6300 or visit [www.WorkSourceCalifornia.com](http://www.WorkSourceCalifornia.com).

For more information: [http://www.business.ca.gov/WhyCA/BusinessIncentives.aspx](http://www.business.ca.gov/WhyCA/BusinessIncentives.aspx)
FINANCING ASSISTANCE

There are a variety of State, County and Local financing assistance programs available.

Industrial Development Bonds

California cities, counties and state government have the authority to offer low interest financing to businesses locating in their communities through the use of tax-exempt industrial revenue bonds. An eligible bond project can be the construction of a new plant, or replacement of all or part of an existing plant. Industrial activities eligible for financing include assembly, fabrication, manufacturing and processing.

The primary advantage of industrial development bonds is that the financing provided bears an interest rate significantly lower than conventional methods (the lower interest rate is the result of the tax exempt status of the securities), the bonds are long term 15-30 years maturity, and are assumable.

Companies taking advantage of industrial bond financing receive approval for a project through a local industrial development authority or the California Economic Development Financing Authority. The authority makes findings regarding eligibility and public benefits pertaining to the project before authorizing the tax-exempt status of the bonds.

To qualify for industrial development bonds a borrower needs to meet certain eligibility criteria: 1) the firm must be engaged in a manufacturing, processing or value-added industry, 2) the total project cost should be at least $1 million and may not exceed $10 million, 3) the borrower must secure a standby letter of credit for 100 percent of the issue value from a bank with a substantial credit base, 4) the capital expansion must provide a public benefit such as creating new jobs; and 5) the project must have city or county support.

The proceeds from a bond issue can be used to pay for virtually all costs incurred by the company for its project including the financing of land acquisition, building construction, machinery and equipment, and other incidental costs as well as all expenses associated with the financing and issuance of the bonds. In addition, 5 percent of the net proceeds of the bond sale can be set aside for the working capital needs of the business.

Website: [http://www.ibank.ca.gov/Programs/industrial.html](http://www.ibank.ca.gov/Programs/industrial.html)
Section 108 Loan Guarantee Program

The Federal Section 108 Loan Guarantee Program provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. This makes it one of the most potent and important public investment tools that HUD offers to local governments. It allows them to pursue physical and economic revitalization projects that can renew entire neighborhoods. Such public investment is often needed to inspire private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas.

For L.A. County, the program provides large loans with no maximum to participating cities in the urban county program or direct loans to businesses in unincorporated Los Angeles County. For the City of Los Angeles, it was established to create economic and physical revitalization in the City’s economically disadvantaged communities. This objective is accomplished by offering a maximum of $2 million in direct gap financial assistance for larger commercial and industrial real estate projects. Funds are used for eligible activities which include acquisition, construction or renovation, costs of fixtures and equipment, soft costs (such as legal and loan fees), land assembly for project redevelopment, relocation of a business to the City, and development of an incubator or industrial park.


The EDA Revolving Loan Fund (RLF) Program

The U.S. Economic Development Administration Revolving Loan Fund (RLF) Program supplies small businesses and entrepreneurs with the gap financing needed to start or expand their business.

As part of the EDA’s Economic Adjustment Assistance Program, EDA’s regional offices award competitive grants to units of local government, state governments, institutions of higher education, public or private non-profit organizations, EDA-approved economic development district organizations, and Indian Tribes to establish RLFs.

EDA’s RLF recipient, in turn, disburse money from the RLF to make loans at interest rates that are at or below market rate to small businesses or to businesses that cannot otherwise borrow capital. As the loans are repaid, the grantee uses a portion of interest earned to pay administrative expenses and adds remaining principal and interest repayments to the RLF’s capital base to make new loans. A well-managed RLF award actively makes loans to eligible businesses and entities, continues to revolve funds, and does not have a termination date.

Website: [http://www.eda.gov/AboutEDA/RLF.xml](http://www.eda.gov/AboutEDA/RLF.xml)
California Loan Guarantee Program

Guarantees can cover up to 90% of the loan amount, with the guaranteed portion of the loan not exceeding $350,000. The guaranteed percentage varies and subject to negotiation between the FDC and the lender. The term of the loan guarantee may extend up to 7 years. Interest rates are negotiated between the borrower and the lender. Processing time takes 3 to 5 weeks, depending on how fast the applicant provides the necessary documentation, and on the lender's responsiveness. Collateral is generally required with each transaction is tailored.

Website: http://labt.lacity.org/labt_prog_finance.htm

California Capital Access Program

The program is designed to encourage banks and other financial institutions to make loans to small businesses that fall just outside of most banks' conventional underwriting standards. The borrower's business must be in one of the industries listed in the qualified Standard Industry Classification codes list. The borrower's primary business and 50% of its employees or business income, sales or payroll must be in California. The business activity resulting from the bank's loan must be created and retained in California. The maximum loan amount is $2.5 million. The maximum premium CPCFA will pay is $100,000 (per loan). Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule.

Website: http://labt.lacity.org/labt_prog_finance.htm

County of Los Angeles Community Development Commission (LACDC) Financial Assistance Programs

County Business Loan Program: Revolving loan fund that assists companies with their expansion and development. Use: property acquisition, equipment/machinery, and working capital. Amount: $25,000 to $1 million. Current rate: 6.5%, loan fee of 2 points. Term: 5 to 20 years.

County Float Loan Program: Short-term loans for land acquisition, construction, equipment, and working capital for businesses, private developers and public agencies. Amount: $1 million to $10 million. Rate: 3.5%, loan fee of 0.50% points

County Technology Loan Program: Loans for start-up, early state high technology firms located in the participating innovation centers of Los Angeles County Innovation Network. Amount: $10,000 to $200,000. Use: fixed assets, working capital. Rate: 6.5%, Term: 5-10 years

County Utility Loan Program: Revolving loan fund to assist cities, the redevelopment agency of a city, a mutual water company, or water district finance improvements to their water delivery systems. Amount $50,000 to $1,000,000. Rate: 6.5% Term: 7-10 years

Website: http://www.lacdc.org/CDCWebsite/ER/BusinessLoans.aspx
Community Financial Resource Center Small Business Expansion Loan

The Expansion Loan Program is designed to provide capital for businesses that are expanding. Funds to be used for fixed asset acquisition, leasehold improvements, permanent working capital and inventory. Amounts of loans vary from $30,000 to $250,000. Profitable small businesses under the same management for at least two years that want to expand are eligible.

Websites: http://cfvla.org/
http://labt.lacity.org/labt_prog_finance.htm#section_108

Citywide Loan Program

Long Beach Business Loan Program

Under this program, existing businesses may qualify for financing of up to $700,000.

Grow Long Beach Loan Program

This program provides loan amounts from $25,000 to a maximum set by SBA7a financing for existing businesses. The interest rate is based on prime lending rate of commercial banks and ranges from Prime+1% to Prime +2.75%.

Long Beach Business Star-up Grant

The $2,000 Business Start-Up Grant is designed to encourage entrepreneurs to establish businesses along certain corridors within the City of Long Beach. The program provides a $2,000 reimbursement grant to eligible businesses on a first come-first served basis.

Website: http://www.longbeach.gov/ecd/financial_assistance/default.asp

Los Angeles Seed Microloan Program

This is a direct loan program that subsidizes loans for struggling businesses that have been in operation for a minimum of two years. Loan amounts range from $5,000 - $30,000. Repayment terms are from 12 to 60 months with fixed rates.

Website: http://labt.lacity.org/labt_prog_finance.htm
FEDERAL INCENTIVES

Renewable Energy Generation Incentives

Renewable Electricity Production Tax Credit (PTC)

The federal renewable electricity production tax credit (PTC) is a per-kilowatt-hour tax credit for electricity generated by qualified energy resources and sold by the taxpayer to an unrelated person during the taxable year.

The February 2009 legislation revised the credit by: (1) extending the in-service deadline for most eligible technologies by three years (two years for marine and hydrokinetic resources); and (2) allowing facilities that qualify for the PTC to opt instead to take the federal business energy investment credit (ITC) or an equivalent cash grant from the U.S. Department of Treasury. The ITC or grant for PTC-eligible technologies is generally equal to 30% of eligible costs.

Note: The American Recovery and Reinvestment Act of 2009 (H.R. 1) allows taxpayers eligible for the federal renewable electricity production tax credit (PTC) to take the federal business energy investment tax credit (ITC) or to receive a grant from the U.S. Treasury Department instead of taking the PTC for new installations. The new law also allows taxpayers eligible for the business ITC to receive a grant from the U.S. Treasury Department instead of taking the business ITC for new installations. The Treasury Department issued Notice 2009-52 in June 2009, giving limited guidance on how to take the federal business energy investment tax credit instead of the federal renewable electricity production tax credit.

Websites:
http://pdf.wri.org/bottom_line_renewable_energy_tax_credits_10-2010.pdf

Renewable Energy Production Incentive (REPI)

The Renewable Energy Production Incentive (REPI) is managed by the U.S. Department of Energy and provides financial incentive payments for electricity generated and sold by new qualifying renewable energy generation facilities. Qualifying facilities are eligible for annual incentive payments of 1.5 cents per kilowatt-hour (1993 dollars and indexed for inflation) for the first 10-year period of their operation, subject to the availability of annual appropriations in each Federal fiscal year of operation.

Eligible electric production facilities that may be considered to receive Renewable Energy Production Incentive (REPI) payments include not-for-profit electrical cooperatives; public utilities; state governments; Commonwealths; territories of the United States; the District of Columbia; Indian tribal governments, or a political subdivision thereof; or Native Corporations that sell the facility's electricity.
Qualifying facilities must use one of the following generation technologies:

- Solar
- Wind
- Geothermal (with certain restrictions as contained in the rulemaking)
- Biomass (except for municipal solid waste combustion)
- Landfill gas
- Livestock methane
- Ocean (including tidal, wave, current, and thermal)
- Fuel cells using hydrogen derived from eligible biomass facilities

Website: [http://apps1.eere.energy.gov/repi/](http://apps1.eere.energy.gov/repi/)

### Renewable Energy Investment Incentives

**Business Energy Investment Tax Credit (ITC)**

Election of Investment Credit in Lieu of Production Credit (Section 1102): Businesses who place in service facilities that produce electricity from wind and some other renewable resources after Dec 31, 2008 can choose either the energy investment tax credit, which generally provides a 30 percent tax credit for investments in energy projects or the production tax credit, which can provide a credit of up to 2.1 cents per kilowatt-hour for electricity produced from renewable sources. A business may not claim both credits for the same facility.

Websites:

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**Energy-Efficient Commercial Buildings Tax Deduction** - *Expiration Date: December 31, 2013*

The federal Energy Policy Act of 2005 established a tax deduction for energy-efficient commercial buildings applicable to qualifying systems and buildings placed in service from January 1, 2006, through December 31, 2007. This deduction was subsequently extended through 2008, and then again through 2013 by Section 303 of the federal Energy Improvement and Extension Act of 2008 (H.R. 1424, Division B), enacted in October 2008.

A tax deduction of $1.80 per square foot is available to owners of new or existing buildings who install (1) interior lighting; (2) building envelopes, or (3) heating, cooling, ventilation, or hot water systems that reduce the building’s total energy and power cost by 50% or more in comparison to a building meeting minimum requirements set by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2001.
Deductions of $0.60 per square foot are available to owners of buildings in which individual lighting, building envelopes, or heating and cooling systems meet target levels that would reasonably contribute to an overall building savings of 50% if additional systems were installed.

The deductions are available primarily to building owners, although tenants may be eligible if they make construction expenditures. In the case of energy efficient systems installed on or in government property, tax deductions will be given to the person primarily responsible for the systems’ design. Deductions are taken in the year when construction is completed.

Websites:
http://www.energystar.gov/index.cfm?c=tax_credits.tx_comm_buildings

Residential Renewable Energy Tax Credit - Expiration Date: December 31, 2016

A taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States and used as a residence by the taxpayer. Expenditures with respect to the equipment are treated as made when the installation is completed. If the installation is on a new home, the "placed in service" date is the date of occupancy by the homeowner. Expenditures include labor costs for onsite preparation, assembly or original system installation, and for piping or wiring to interconnect a system to the home. If the federal tax credit exceeds tax liability, the excess amount may be carried forward to the succeeding taxable year. The maximum allowable credit, equipment requirements and other details vary by technology, as outlined below.

Solar-electric property

- There is no maximum credit for systems placed in service after 2008. The maximum credit is $2,000 for systems placed in service before January 1, 2009.
- Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2016.
- The home served by the system does not have to be the taxpayer’s principal residence.

Solar water-heating property

- There is no maximum credit for systems placed in service after 2008. The maximum credit is $2,000 for systems placed in service before January 1, 2009.
- Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2016.
- Equipment must be certified for performance by the Solar Rating Certification Corporation (SRCC) or a comparable entity endorsed by the government of the state in which the property is installed.
• At least half the energy used to heat the dwelling's water must be from solar in order for the solar water-heating property expenditures to be eligible.
• The tax credit does not apply to solar water-heating property for swimming pools or hot tubs.
• The home served by the system does not have to be the taxpayer’s principal residence.

Note that the Solar Energy Industries Association (SEIA) has published a three-page document that provides answers to frequently asked questions regarding the federal tax credits for solar energy.

**Fuel cell property**

• The maximum credit is $500 per half kilowatt (kW).
• Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2016.
• The fuel cell must have a nameplate capacity of at least 0.5 kW of electricity using an electrochemical process and an electricity-only generation efficiency greater than 30%.
• In case of joint occupancy, the maximum qualifying costs that can be taken into account by all occupants for figuring the credit is $1,667 per half kilowatt. This does not apply to married individuals filing a joint return. The credit that may be claimed by each individual is proportional to the costs he or she paid.
• The home served by the system must be the taxpayer’s principal residence.

**Small wind-energy property**

• There is no maximum credit for systems placed in service after 2008. The maximum credit is $500 per half kilowatt, not to exceed $4,000, for systems placed in service in 2008.
• Systems must be placed in service on or after January 1, 2008, and on or before December 31, 2016.
• The home served by the system does not have to be the taxpayer’s principal residence.
Geothermal heat pumps

- There is no maximum credit for systems placed in service after 2008. The maximum credit is $2,000 for systems placed in service in 2008.
- Systems must be placed in service on or after January 1, 2008, and on or before December 31, 2016.
- The geothermal heat pump must meet federal Energy Star program requirements in effect at the time the installation is completed.
- The home served by the system does not have to be the taxpayer’s principal residence.

Websites:
http://www.energystar.gov/index.cfm?c=tax_credits.tx_index
http://www.energy.gov/media/HR_1424.pdf
http://www.energy.gov/taxbreaks.htm

Residential Energy Conservation Subsidy Exclusion (Corporate / Personal)

According to Section 136 of the U.S. Code, energy conservation subsidies provided by public utilities, either directly or indirectly, are nontaxable.

If you have received any subsidies from a public utilities company for projects you have completed to improve your home’s energy efficiency, the measures will not be taxed as part of your gross income by the U.S. government, according to Section 136 of the U.S. Code.

The qualifying, non-taxable projects include any measures taken to reduce consumption of electricity or natural gas, or improve the management of energy demand.

Websites:

Act §305 – Modifications of Energy Efficient Appliance Credit for Appliances Produced After 2007

The Energy Improvement and Extension Act of 2008 modifies and extends the manufacturer’s tax credit for the production of certain energy efficient dishwashers, clothes washers and refrigerators in calendar years 2008, 2009, and 2010. The credit, pursuant to Code §45M, is claimed by a manufacturer for each type of qualified energy efficient appliance produced by the taxpayer during the calendar year ending with or within the taxpayer’s taxable year as part of the general business credit under Code §38. I.R.C. §45M(a)(1).

Website:  http://www.irs.gov/businesses/corporations/article/0,,id=208024,00.html
**Alternative Vehicle Incentives**

**Federal Tax Credit for Hybrid Vehicles**

Hybrids purchased or placed into service after December 31, 2005 may be eligible for a federal income tax credit of up to $3,400. Credit amounts begin to phase out for a given manufacturer once it has sold over 60,000 eligible vehicles. Vehicles purchased after December 31, 2010 are not eligible for this credit.

Website: [http://www.fueleconomy.gov/feg/taxcenter.shtml](http://www.fueleconomy.gov/feg/taxcenter.shtml)

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**Fuel Cell Motor Vehicle Tax Credit**

A tax credit of up to $8,000 is available for the purchase of qualified light-duty fuel cell vehicles. After December 31, 2009, the credit is reduced to $4,000. Tax credits are also available for medium- and heavy-duty fuel cell vehicles; credit amounts are based on vehicle weight. Vehicle manufacturers must follow the procedures as published in Notice 2008-33 ([PDF 30KB](https://www.irs.gov/)) in order to certify to the Internal Revenue Service that a vehicle meets certain requirements to claim the fuel cell vehicle credit. Notice 2008-33 also provides guidance to taxpayers about claiming the credit. For more information, see IRS Form 8910, which is available via the [IRS](https://www.irs.gov/) website. This tax credit expires on December 31, 2014. (Reference 26 U.S. Code 30B)


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**Qualified Plug-In Electric Drive Motor Vehicle Tax Credit**

A tax credit is available for the purchase of a new qualified plug-in electric drive motor vehicle that draws propulsion using a traction battery that has at least four kilowatt hours of capacity, uses an external source of energy to recharge the battery, has a gross vehicle weight rating of up to 14,000 pounds, and meets specified emission standards. The minimum credit amount is $2,500, and the credit may be up to $7,500, based on each vehicle's traction battery capacity and the gross vehicle weight rating. The credit will begin to be phased out for each manufacturer in the second quarter following the calendar quarter in which a minimum of 200,000 qualified plug-in electric drive vehicles have been sold by that manufacturer for use in the U.S. This tax credit applies to vehicles acquired after December 31, 2009. Through December 31, 2011, qualified plug-in electric vehicle conversions are also eligible for a tax credit for 10% of the conversion cost, not to exceed $4,000. Additionally, a tax credit of up to 10% of the cost of qualified low-speed electric vehicles, electric motorcycles, and three-wheeled electric vehicles, not to exceed $2,500, is available through December 31, 2011. (Reference Public Law 111-5, Sections 1141-1144, and 26 U.S. Code 30, 30B, and 30D)

Other Incentives

U.S. Department of Energy - Loan Guarantee Program

DOE actively promotes projects in three categories: (1) manufacturing projects, (2) stand-alone projects, and (3) large-scale integration projects that may combine multiple eligible renewable energy, energy efficiency and transmission technologies in accordance with a staged development scheme. Under the original authorization, loan guarantees were intended to encourage early commercial use of new or significantly improved technologies in energy projects. The loan guarantee program generally does not support research and development projects.

The Department of Energy’s Loan Programs enable DOE to work with private companies and lenders to mitigate the financing risks associated with clean energy projects, thereby encouraging their development on a broader and much-needed scale. Within the last 18 months (2009-2010) LPO committed $24.4 billion to support 19 clean energy projects.

The DOE periodically makes new solicitations available. Information about current and past solicitations can be found at the following website:

Website: [http://www.lgprogram.energy.gov/](http://www.lgprogram.energy.gov/)

Residential Energy-Efficient Mortgages

Homeowners can take advantage of energy efficient mortgages (EEM) to finance a variety of energy efficiency measures, including renewable energy technologies, in a new or existing home. The U.S. federal government supports these loans by insuring them through Federal Housing Authority (FHA) or Veterans Affairs (VA) programs. This allows borrowers who might otherwise be denied loans to pursue energy efficiency improvements, and it secures lenders against loan default.

Websites:

http://www.resnet.us/ratings/mortgages  
http://www.resnet.us/ratings/fha_example  
http://www.fha.com/energy_efficient.cfm
STATE INCENTIVES

Renewable Energy Generation Incentives

Self-Generation Incentive Program – Funding expires December 31, 2011 with the possibility of extension to 2016

Initiated in 2001, the Self-Generation Incentive Program (SGIP) offers incentives to customers who produce electricity with wind turbines and fuel cells. The incentive payments range from $1.00 per Watt to $4.50 per Watt for renewable energy systems depending on the type of system. Retail electric and gas customers of San Diego Gas & Electric, Pacific Gas & Electric, Southern California Edison or Southern California Gas are eligible for SGIP.

The following technologies and corresponding incentive amounts apply to the SGIP:

Technologies using renewable fuels:

- Wind turbines (minimum of 30 kW) - $1.50/W
- Fuel cells (minimum of 30 kW) - $4.50/W
- Advanced Energy Storage coupled with an eligible Self-Generation Incentive Program technology and four hour discharge period at rated capacity: $2.00/W

Technologies using non-renewable fuels:

- Fuel cells - $2.50/W
- Advanced Energy Storage coupled with an eligible Self-Generation Incentive Program technology and four hour discharge period at rated capacity: $2.00/W

The maximum eligible system size is 5 MW, although the incentive payment is capped at 3 MW. (On April 24, 2008, the CPUC raised the cap on cash incentives for individual clean energy projects available through its SGIP from 1 MW to 3 MW, but systems greater than 1 MW receive reduced incentive rates.)

Projects that utilize systems manufactured in California are eligible for an additional incentive worth 20 percent of the base incentive.
California Feed-In Tariff

The California feed-in tariff allows eligible customer-generators to enter into 10-, 15- or 20-year standard contracts with their utilities to sell the electricity produced by small renewable energy systems -- up to 1.5 megawatt (MW) -- at time-differentiated market-based prices. Time-of-use adjustments will be applied by each utility and will reflect the increased value of the electricity to the utility during peak periods and its lesser value during off-peak periods.

As of September 2010, these rules have not been adopted yet, and the CPUC is currently considering significant changes to the program. The information presented below discusses the feed-in tariff as amended by the 2009 legislation. Please refer to the website above for details about the current program and for updated information about the CPUC’s efforts to implement the program changes.

Renewable Energy Investment Incentives

California Solar Initiative (CSI)

The California Solar Initiative Program was established by Senate Bill 1 (SB 1) and in a series of decisions from the California Public Utilities Commission (CPUC) in collaboration with the California Energy Commission (CEC).

In January 2006, the California Public Utilities Commission (CPUC) adopted the Go Solar California Program to provide more than $3 billion in incentives for solar-energy projects to encourage Californians to install 3,000 megawatts of solar energy systems on homes and businesses by the end of 2016.

Go Solar California Program Components

<table>
<thead>
<tr>
<th>Program Authority</th>
<th>California Public Utilities Commission</th>
<th>California Energy Commission</th>
<th>Publicly Owned Utilities (POUs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Name</td>
<td>California Solar Initiative (CSI) (including CSI-Thermal)</td>
<td>New Solar Homes Partnership</td>
<td>Various Program Names</td>
<td>Go Solar California!</td>
</tr>
<tr>
<td>Budget</td>
<td>$2,167 million (Electric) $250 million (Gas)</td>
<td>$400 million</td>
<td>$784 million</td>
<td>$3,351 million (Electric) $250 Million (Gas)</td>
</tr>
<tr>
<td>Solar Goals</td>
<td>1,940 MW (Electric) 585 million therms (Gas)</td>
<td>350 MW</td>
<td>700 MW</td>
<td>3,000 MW (Electric) 585 million therms (Gas)</td>
</tr>
<tr>
<td>Scope</td>
<td>All solar systems in large IOU areas except new homes</td>
<td>Solar systems on new homes in large IOU areas</td>
<td>All solar systems in POU areas</td>
<td>All of California</td>
</tr>
</tbody>
</table>

Note: The electric budgets are for 2007-2016, and the gas budgets are for 2010-2017.
California Solar Initiative:

- A solar rebate program for customers in PG&E, SCE, and SDG&E territories. This program funds solar on existing homes, existing or new commercial, agricultural, government and non-profit buildings. This program funds both solar photovoltaics (PV), as well as other solar thermal generating technologies. This program is sometimes referred to as the CSI general market program.
- A solar hot water rebate program for customers in PG&E, SCE, and SDG&E territories. This program funds solar hot water (solar thermal systems) on homes and businesses. This program is called the CSI-Thermal program.
- A solar rebate program for low-income residents that own their own single-family home and meet a variety of income and housing eligibility criteria. This program is called the Single-family Affordable Solar Homes (SASH) program.
- A solar rebate program for multifamily affordable housing. This program is called the Multifamily Affordable Solar Housing (MASH) program.
- A solar grant program to fund grants for research, development, demonstration and deployment (RD&D) of solar technologies. This program is the CSI RD&D program.

California Energy Commission (CEC) - New Solar Homes Partnership

New Solar Homes Partnership (NSHP), is administered by the CEC and provides incentives for solar on new home construction. The NSHP specifically targets the market-rate and affordable housing single-family and multifamily sectors, with the goal of achieving 400 MW of installed solar electric capacity on new homes, and to have solar electric systems on 50% of all new homes built in California by the end of 2016.

Incentives are determined by the housing type and the expected performance of the system, which depends on factors like equipment efficiency, geographic location, orientation, tilt, shading, and time-dependent valuation. To qualify for incentives, the residential dwelling unit must be at least 15% higher energy efficiency than the current Title 24 Building Energy Efficiency Standards (please refer to the New Solar Homes Partnership Guidebook for specific details and program requirements). The incentive is paid once the system is installed, operational, and has met all program requirements.
Low-Income Programs

10% of the CSI Program budget ($216 million) has been allocated to two low-income solar incentive programs. Rebates are available through Track 1 in the amount of $3.30/W for PV systems offsetting common area loads, and $4.00/W for systems offsetting tenant loads.

Multi-Family Affordable Solar Housing (MASH) Program

MASH incentives will be available through two separate tracks. Track 2 will offer higher competitive incentives to applicants who provide quantifiable "direct tenant benefits". As of March 2010, Track 2 incentives are still being developed.

Track 1 provides an incentive of $3.30/W for PV systems that serve common area loads, and $4.00/W for PV systems serving tenant loads. These incentive amounts are based on expected performance. Incentives are awarded to owners or operators of existing multifamily affordable housing that meets the definition of low-income residential housing in Pub. Util. Code § 2852.8. In general, a multifamily housing complex fits the definition if it is financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state or federal loans or grants. Qualifying affordable housing properties must also have an occupancy permit for at least two years prior to applying for MASH incentives.

As of January 1, 2010, Pacific Gas and Electric (PG&E) and the California Center for Sustainable Energy (CCSE) have received enough applications to exhaust their Track 1 allotted budgets. CCSE is placing new applications on a wait list in the event one of the planned projects is not developed. PG&E had a wait list which quickly filled up, and they are no longer accepting new applications.

Single-Family Affordable Solar Housing (SASH) Program

In general, the household's total income must be 80% of the area median income (AMI) or less.

Twenty percent of the total funds for the SASH program ($21,668,000) will be dedicated to providing fully subsidized 1 kW to 1.2 kW systems to qualifying households. Qualifying households are owner-occupied and the total income for the household is up to 50% of AMI. Households making more than 50% of AMI, but less than 80% of AMI can be eligible for a partially subsidized system.

Website: http://www.gosolarcalifornia.ca.gov/about/index.php
Emerging Renewables Program

The California Energy Commission offers cash incentives to promote the installation of grid-connected small wind and fuel cell renewable energy electric-generating systems through its Emerging Renewables Program. Wind systems must be permanently interconnected to the electrical distribution grid of the utility serving the customer’s electrical load, but fuel cells used for backup generation for emergency, safety, or telecommunication purposes do not need to be grid-connected.

<table>
<thead>
<tr>
<th>Technology Type</th>
<th>Size Category</th>
<th>Rebate Offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Cells using a renewable fuel</td>
<td>Less than (≤) 30 kilowatts</td>
<td>$3.00 per watt</td>
</tr>
<tr>
<td>Wind</td>
<td>First 10 kilowatts</td>
<td>$3.00 per watt LIMITED TIME REBATE Until April 6, 2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$2.50 per watt after April 7, 2011</td>
</tr>
<tr>
<td></td>
<td>Increments between &gt; 10 kW and &lt; 30 kW</td>
<td>$1.50 per watt</td>
</tr>
</tbody>
</table>

Website: [http://www.consumerenergycenter.org/erprebate/program.html](http://www.consumerenergycenter.org/erprebate/program.html)

School Facility Program – Modernization Grants

The School Facility Program (SFP) provides funding assistance to school districts for the modernization of school facilities. The assistance is in the form of grants approved by the State Allocation Board (SAB), and requires a 40% local contribution. A district is eligible when students are housed in permanent buildings 25 years old or older and relocatable classrooms 20 years old or older and the buildings have not been previously modernized with State funds.

Alternative Vehicle Incentives

Hybrid Electric Vehicle Purchase Vouchers

Through the HVIP, the California Air Resources Board provides vouchers to eligible fleets to reduce the incremental cost of qualified medium- and heavy-duty hybrid electric vehicles at the time of purchase. Vouchers are available on a first-come, first-served basis and range from $10,000 to $45,000. Only fleets that operate vehicles in California are eligible. Refer to the HVIP Web site for a list of qualified vehicles and other requirements.

Plug-In Hybrid and Zero Emission Light-Duty Vehicle Rebates

Rebates are available through the Clean Vehicle Rebate Project (CVRP) for the purchase or lease of qualified vehicles. The rebates offer up to $5,000 for light-duty zero emission and plug-in hybrid vehicles and up to $20,000 for zero emission commercial vehicles that the California Air Resources Board (ARB) has approved or certified. The rebates are available on a first-come, first-served basis to individuals, business owners, and government entities in California that purchase or lease new eligible vehicles on or after March 15, 2010. Manufacturers of zero emission vehicles must apply to ARB to have their vehicles included in CVRP. Refer to the CVRP Web site for a list of eligible vehicles and other requirements. ARB determines annual funding amounts for CVRP, which is expected to be effective through 2015.

Website: http://www.afdc.energy.gov/afdc/laws/state_summary/CA

Alternative Fuel and Vehicle Research and Development Incentives

The California Energy Commission administers the Alternative and Renewable Fuel and Vehicle Technology Program to increase the use of alternative and renewable fuels and innovative technologies. Grants and loans are available for projects that:

- Develop and improve alternative and renewable low carbon fuels;
- Optimize alternative and renewable fuels for existing and developing engine technologies;
- Produce alternative and renewable low carbon fuels in California;
- Decrease the overall impact of an alternative and renewable fuel's lifecycle carbon footprint and increase sustainability;
- Expand fuel infrastructure, fueling stations, and equipment;
- Improve light-, medium-, and heavy-duty vehicle technologies;
- Retrofit medium- and heavy-duty on-road and non-road vehicle fleets;
- Expand infrastructure connected with existing fleets, public transit, and transportation corridors; and
- Establish workforce training programs, conduct public education and promotion, and create technology centers.

(Reference Senate Bill 1340, 2010; California Code of Regulations, Title 13, Chapter 8.1; and California Health and Safety Code 44270-44274.7)

Website: http://www.energy.ca.gov/altfuels/index.html
Alternative Fuel Vehicle (AFV) and Hybrid Electric Vehicle (HEV) Insurance Discount

Farmers Insurance provides a discount of up to 10% on all major insurance coverage for HEV and AFV owners. To qualify, the automobile must be designed to use a dedicated alternative fuel as defined in the Energy Policy Act of 1992, or a HEV. A complete Vehicle Identification Number is required to validate vehicle eligibility.

Website: http://www.afdc.energy.gov/afdc/laws/law/CA/6015


The Air Quality Improvement Program (AQIP), established by the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Assembly Bill (AB) 118, Statutes of 2007, Chapter 750), is a voluntary incentive program administered by the Air Resources Board (ARB or Board) to fund clean vehicle and equipment projects, research on biofuels production and the air quality impacts of alternative fuels, and workforce training. The AQIP Guidelines and annual Funding Plans guide ARB's implementation of the AQIP.

AB 118 provides approximately $200 million annually through 2015 for three new programs to fund air quality improvement projects and develop and deploy technology and alternative and renewable fuels. The bill creates a dedicated revenue stream for the programs via increases to the smog abatement, vehicle registration, and vessel registration fees. The three new programs are:

Air Quality Improvement Program will provide about $50 million per year for grants to fund clean vehicle and equipment projects which reduce criteria and toxic air pollutants as well as research on the air quality impacts of alternative fuels and advanced technology vehicles. The program will be administered by ARB. Statute lists eight broad project types which are eligible for funding:

- On- and off-road equipment projects.
- Projects to mitigate off-road gasoline exhaust and evaporative emissions.
- Research on the air quality impact of alternative fuels.
- University California research to increase sustainable biofuels production and improve feedstock.
- Lawn and garden equipment replacement.
- Medium- and heavy-duty vehicle/equipment projects including lower emission school buses, electric or hybrid vehicles/equipment, regional air quality programs in the most impacted parts of California.
- Workforce training related to advanced technology to reduce air pollution.
- Projects to identify and reduce emissions from high-emitting light-duty vehicles.

Alternative and Renewable Fuel and Vehicle Technology Program will provide about $120 million in annual incentive funding to develop and deploy innovative technologies that transform
California’s fuel and vehicle types to help attain California’s climate change policies. Funding may be in the form of grants, revolving loans, loan guarantees, loans, or other appropriate measures. The program will be administered by CEC. Additional information can be found at CEC’s AB 118 webpage.

Statute lists eleven broad project types which are eligible for funding:

- Alternative and renewable fuel projects to develop and improve low-carbon fuels, including feedstock projects.
- Demonstration and deployment projects that optimize alternative and renewable fuels for existing and development engine technologies.
- Projects to produce alternative and renewable low-carbon fuels in California.
- Projects to decrease impact of alternative and renewable fuels’ carbon footprint and increase sustainability.
- Alternative and renewable fuel infrastructure projects.
- Vehicle technology projects to improve fuel efficiency and lower greenhouse gas emissions.
- Projects to accelerate the commercialization of vehicles and alternative and renewable fuels.
- Retrofits for on- and off-road vehicles to improve fuel efficiencies.
- Infrastructure projects that promote alternative and renewable fuel infrastructure development.
- Workforce training related to alternative and renewable fuel and feedstock production.
- Block grants to not-for-profit technology consortia for education, promotion, and development of alternative and renewable fuels and vehicle technology centers.

Enhanced Fleet Modernization Program will provide about $30 million per year for voluntary retirement of high emitting passenger cars and light- and medium-duty trucks. The program will be administered by the Bureau of Automotive Repair, but statute directs ARB to adopt guidelines for the program.

California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA):
Advanced Transportation and Alternative Sources Manufacturing Sales and Use Tax Exclusion Program (Senate Bill 71 Program)

SB 71 authorizes the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to provide eligible projects financial assistance in the form of a sales and use tax exclusion on property used for the "design, manufacture, production, or assembly" of either advanced transportation technologies or alternative energy source products, components or system, as defined.

Website: http://www.treasurer.ca.gov/caeatfa/sb71/index.asp
Other Incentives

Energy Efficiency Financing Program

The California Energy Commission provides loans with an interest rate of 3% for the term of the loan. The maximum loan amount is $3 million and there is no minimum loan. For the first 30 days following release of the notice, the Energy Commission will accept loan applications on a first-come, first-serve basis from small California cities and counties receiving their Energy Efficiency and Conservation Block Grant (EECBG) funding directly from the California Energy Commission. Loans must be paid back within 15 years from energy costs savings, or in 2 years for energy audits. Common projects include lighting and equipment upgrades and heating systems, but can also include other energy-saving measures and renewable energy systems.

Website: [http://www.energy.ca.gov/efficiency/financing/index.html](http://www.energy.ca.gov/efficiency/financing/index.html)


Section 73 of the California Revenue and Taxation Code allows a property tax exclusion for certain types of solar energy systems installed between January 1, 1999, and December 31, 2016. This section was amended in 2008 to include the construction of an active solar energy system incorporated by an owner-builder in the initial construction of a new building that the owner-builder does not intend to occupy or use. This only applies if the owner-builder did not already receive an exclusion for the same active solar energy system and only if the initial purchaser purchased the new building prior to becoming subject to reassessment to the owner-builder. Qualifying active solar energy systems include solar space conditioning systems, solar water heating systems, active solar energy systems, solar process heating systems, photovoltaic (PV) systems, and solar thermal electric systems, and solar mechanical energy.

Property Tax Financing Authorization

"Property tax financing" allows a property owner to borrow money to pay for energy improvements. The amount borrowed is repaid through an increased property tax assessment. California has authorized cities, counties and areas within cities to provide financing for the installation of renewable-energy systems, energy-efficiency improvements and water-efficiency improvements to residential, commercial, industrial or other real property.

State Grants

Additional funding allocations from the American Recovery and Reinvestment Act of 2009:

Website: [http://www.energy.ca.gov/recovery/documents/FUNDING_SUMMARY.PDF](http://www.energy.ca.gov/recovery/documents/FUNDING_SUMMARY.PDF)
COUNTY AND CITY INCENTIVES

Renewable Energy Generation Incentives

Los Angeles Department of Water and Power (LADWP) - Solar Incentive Program – Expires 12/31/2017, or when total installed MW goal has been reached

The LADWP Solar Incentive Program began in 2000, with a funding level of $150 million. The revised program, effective October 1, 2007, provides rebates to residential, commercial, non-profit and governmental customers of LADWP based on a photovoltaic (PV) system's expected performance in kilowatt hours (kWh) rather than the system's capacity. The expected performance is determined by using the National Renewable Energy Laboratory's PV Watts Version 2 Program. The incentive is paid up-front on a per-kWh-basis for the estimated production over 20 years.

The Solar Incentive Program has 10 phases with declining incentive levels as certain installed megawatt (MW) targets are met. There are separate goals for residential and non-residential participants, and the incentive levels for each will decline irrespective of the other. As of November 30, 2010, incentive levels are as follows:

- Residential $0.10 per kWh
- Businesses: $0.07 per kWh
- Non-profit and governmental participants: $0.12 per kWh

All incentives are adjusted for expected performance. Bonus incentives of $0.02 per kilowatt-hour are available if the installed system was manufactured in Los Angeles or if the system is a building integrated photovoltaic systems (BIPV). Incentive levels will decrease by one cent ($0.01) every time a MW goal is reached.

Funding for the 2010-2011 fiscal year is fully allocated. New applications will be put on a waiting list to be handled after more funding is made available, expected to be on July 1, 2011. Check website above for the most recent information.

Renewable Energy Investment Incentives

Los Angeles County Energy Program (LACEP) – Assembly Bill 811 (AB811)

The Los Angeles County Energy Program (LACEP) provides financing that eliminates the need for upfront, out of pocket expenses for energy efficiency or solar improvements on their property. The loans are paid back over a 15- to 20-year period on the property tax bill, pursuant to Assembly Bill 811 (AB 811) passed by the California legislature in 2008. Funding is still pending for the program.
The key features of LACEP include:
• Provides financing at the start of a project to eliminate the upfront cost hurdle for property owners
• Does not impact property owner’s credit
• Allows the property to serve as a security deposit
• Allows payback of the loan through a property tax assessment on the semi-annual property tax bill
• The property tax assessment stays with the property upon the sale of the property
• Available to property owners in all County unincorporated areas as well as residents of participating cities located within the County

LADWP - Non-Residential Custom Performance Program

Los Angeles Department of Water and Power offers incentives to their non-residential customers for the installation of energy saving measures, equipment, or systems that exceed Title 24 or minimum industry standards. Incentives are based on estimation software that determines the energy savings for each project. The rebates only apply to equipment or systems installed and operating on or after January 1, 2007. Prior to beginning the project, customers should submit an application along with the applicable CPP efficiency measure input form.

Alternative Vehicle Incentives

Natural Gas Rate Reduction – SoCalGas

Southern California Gas Company (SoCalGas) offers natural gas at discounted rates to customers fueling natural gas vehicles. Schedule G-NGVR, Natural Gas Service for Home Refueling of Motor Vehicles, is available to residential customers, G-NGV, Natural Gas Service for Motor Vehicles, is available to commercial customers.

Website: [http://www.socalgas.com/ngv](http://www.socalgas.com/ngv)

Electric Vehicle (EV) Charging Rate Reduction – LADWP

The Los Angeles Department of Water and Power (LADWP) offers a $0.025 per kilowatt discount for electricity used to charge EVs during off-peak times. Proof of vehicle registration is required. LADWP also provides guidance on EV infrastructure to help customers determine applications for EVs in their fleet operations, EV maintenance services, and training.

Website: [http://www.ladwp.com/ladwp/cms/ladwp002056.jsp](http://www.ladwp.com/ladwp/cms/ladwp002056.jsp)
Electric Vehicle (EV) Charging Rate Reduction – SCE

Southern California Edison (SCE) offers a discounted rate to customers for electricity used to charge EVs. Two rate schedules are available for EV charging during on- and off-peak hours.

Website: [http://www.sce.com/residential/rates/electric-vehicles.htm](http://www.sce.com/residential/rates/electric-vehicles.htm)

Electric Vehicle Supply Equipment (EVSE) Incentive - Coulomb Technologies

Coulomb Technologies' [ChargePoint America](http://www.chargepointamerica.com) program offers EVSE at no cost to individuals or entities in the Los Angeles metropolitan area. To be eligible for a public or commercial charging system, an entity must be located within the specified metropolitan areas and in defined potentially "high use" areas, and provide public access to the charging system. Companies and municipalities may apply on the ChargePoint America Web site. To be eligible for free home charging stations, individuals living within the specified areas must purchase a qualified electric vehicle (EV) or plug-in hybrid electric vehicle (PHEV). Individuals purchasing an eligible EV or PHEV should apply for the ChargePoint America program at the dealership or with the vehicle manufacturer at the time of vehicle purchase. In most cases, installation will be paid for by the EVSE owner; some cities, states, and utilities, however, will provide funding towards installation costs. All participants in the ChargePoint America program must agree to anonymous data collection after installation. Additional restrictions may apply.

Website: [info@chargepointamerica.com](mailto:info@chargepointamerica.com)

Electric Vehicle Supply Equipment (EVSE) Incentive – ECOtality

Through the [EV Project](http://www.evproject.org), ECOtality offers EVSE at no cost to individuals in the Los Angeles metropolitan area. To be eligible for free home charging stations, individuals living within the specified areas must purchase a qualified electric vehicle (EV) or plug-in hybrid electric vehicle (PHEV). Individuals purchasing an eligible EV or PHEV should apply at the dealership at the time of vehicle purchase. The EV Project incentive program will also cover most, if not all, of the costs of EVSE installation. All participants in the EV Project incentive program must agree to anonymous data collection after installation. Additional restrictions may apply.

Website: [evpsupport@etecevs.com](mailto:evpsupport@etecevs.com)
Other Incentives

Cities of Azusa, Burbank, Glendale, Long Beach and Pasadena Water and Power: Solar Incentives Programs

Please see the Water & Power websites of each city for more information on specific incentives.

City of Santa Clarita: Green Energy Incentive Program

For a limited time, grants up to $25,000 are available to assist businesses that wish to upgrade their energy efficiency, reduce their total energy use, and/or reduce greenhouse gas emissions. A wide variety of energy saving projects will be considered.

Website: http://greensantaclarita.com/businessGreenIncentive.asp