

Business Incentives 2024

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State of California Incentives:

Partial Sales & Use Tax Exemption for the purchase of manufacturing equipment (3.9375%)

This program, administered by the California Department of Tax and Fee Administration, provides a sales tax exemption of 3.9375% for basic manufacturing equipment. Tenant improvements for manufacturing or research and development may also be eligible. The partial exemption applies only to the state sales and use tax rate portion.

- Benefit: Partial sales & use tax exemption on qualifying manufacturing equipment.
- Process: Claimed when purchasing equipment.

[Tax Guide for Manufacturing and Research & Development Equipment Exemption \(ca.gov\)](http://www.cdtefa.ca.gov/formspubs/cdtfa230m.pdf)

<http://www.cdtefa.ca.gov/formspubs/cdtfa230m.pdf> (FORM)

Full Sales & Use Tax Exclusion

Exclusion dependent on total equipment purchase value.

Max Annual Exclusion: While the guidelines stipulate limitation of \$10 million of sales & use tax exclusions (STE) in a calendar year, the CAEATFA board has discretionary authority to approve awards above the cap, not to exceed \$20 million in STE. AGI Avant Group can apply for CAEATFA in consecutive calendar years to potentially reach the maximum award requested.

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) provides a full-sales and use tax exclusion for advanced manufacturers and manufacturers of alternative source, recycled feedstock, and advanced transportation products, components or systems.

- Benefit: Full Sales & Use Tax Exclusion on eligible manufacturing equipment.
- Process: Competitive application process, final determination by board approval.
- Next Application Period: July 2024
- Further information: <https://www.treasurer.ca.gov/caeatfa/ste/faq.asp>
Fee & Savings Calculator: <https://www.treasurer.ca.gov/caeatfa/ste/fees.asp>

California Competes Tax Credit

Max award: 20% of the programs total annual funding equating to ~\$98M.

*The California Competes Tax Credit is an income tax credit available to businesses that want to locate in or relocate to California or existing California businesses that want to stay and grow in the state. Credit is awarded to businesses through a competitive application process which includes a holistic analysis of individual applications through a two-phase application and evaluation process over an approximately 90-day period. Businesses are not limited to the number of times they can apply or the number of times they can be awarded tax credits for **additional** full-time job growth and investments.*

- This is a negotiated credit amount that is determined by the number of jobs the business will create or retain in the state and amount of investment in the state within a 5-year range. There are 3 application rounds each fiscal year with over \$200 million in tax credits annually. There are three rounds per fiscal year: August-September, January and March
- Benefit: Credit against California income tax dispensed over a 5-year term with a 6-year carry forward
- Process: Competitive application process, final determination by committee

- Next Announced Award Periods & Funding Amounts
 - July 2024 (\$164M)
 - Max award: 20% of the programs total annual funding. Max award is \$98,425,800 (20% available in fiscal year)
- Further information: <https://business.ca.gov/california-competes-tax-credit/>

Homeless Hiring Tax Credit

California's governor signed Assembly Bill (AB) 150 establishing the Homeless Hiring Tax Credit (HHTC). The credit is available for taxable years beginning January 1, 2022 through December 31, 2026. Employers may receive \$2,500 to \$10,000 in tax credit per eligible employee based on hours worked in the taxable year. Employers may claim up to \$30,000 of credit per taxable year.

To be eligible, the employee must be certified by a certifying organization. Employers must make a tentative credit reservation with us to claim the credit. Employers will claim the credit when they file their tax return. A total of \$30 million of credit is available annually.

<https://www.ftb.ca.gov/file/business/credits/homeless-hiring-tax-credit/index.html>

Advanced Manufacturing Sales & Use Tax Exclusion

The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) supports California's mission to provide financial incentives to cutting-edge companies by offering a sales and use tax (STE) exclusion to manufacturers that promote alternative energy and advanced transportation. These manufacturers create tens of thousands of high-paying, permanent jobs that bolster the state's economy. The STE Program is currently authorized through 2025.

Please see: [Notice of Sales and Use Tax Exclusion Program 2024 Calendar Year Application Periods](#)

<https://www.treasurer.ca.gov/caeatfa/ste/index.asp>

New Employment Tax Credit

Credit dependent on hiring eligible employees in eligible designated regions.

This credit is an income tax credit for specific new hires. The credit is based on 35% of qualified wages or wages between 150% and 350% of minimum wage and pay wages for work performed by that employee in a designated geographic area (DGA)

- Further information: <https://www.ftb.ca.gov/file/business/credits/new-employment-credit/index.html>
- DGA Mapping tool: <https://maps.gis.ca.gov/gobiz/dga/default.aspx>

State Research & Development Tax Credit

Credit dependent on R&D incurred expenses in California.

Businesses with qualifying research and development activity can reduce their California income tax liability to their annual minimum tax. Any unused portion of the credit can be carried forward and applied to future tax years.

- Credit equal to 15% of the excess of current year research expenditures over a computed base amount plus 24% of basic research payments.
 - To qualify, conducted research must be undertaken to discover information that is technological in nature and the information from the research should be used to develop a new or improved business component.
- <https://www.ftb.ca.gov/file/business/credits/california-research.html>

Industrial Development Bond (IDB)

This program provides tax-exempt financing that is available to manufacturers for the acquisition of manufacturing facilities and equipment.

For more information, please visit <http://www.ibank.ca.gov/industrial-development-bond-financing/>

Small Business Loan Guarantee Program

The Small Business Loan Guarantee Program (SBLGP) assists small businesses with 1-750 employees by encouraging lenders to provide the much-needed capital for them to start, grow, and scale. The SBLGP is administered by the California Infrastructure and Economic Development Bank's (IBank) Small Business Finance Center. The SBLGP is intended to support small businesses that are generating and retaining local jobs, especially in low-to-moderate income communities throughout the State of California. The loan may be used for several business-related expenses, such as inventory, working capital, lines of credit, start-up costs, agriculture, construction, business expansion and more.

For more information please visit <https://ibank.ca.gov/small-business/loan-guarantees/>

ETP (Employment Training Panel)

Max Award: \$600,000. \$750,000, if designated as a Critical Proposal (determined case-by-case). Critical Proposals can be requested from GO-Biz. The Employment Training Panel provides funding to employers to assist in upgrading the skills of their workers, ultimately leading to competitive wages and long-term jobs.

- Benefit: Reimbursements provided based on contract performance
- Process: application process with final determination by committee
- Timing: Can start application at any time, deadlines for 2020 available here: <https://etp.ca.gov/getting-started/application-deadlines/>
- Further information: <https://etp.ca.gov/getting-started/>

California Workforce Accelerator: *Brand new partnership pilot program between Calbright College (statewide online college), GO-Biz and Department of Industrial Relations/Division of Apprenticeship Standards that offers free workforce training for employees 25 yrs of age or older via Calbright.*

For further info see: <https://www.nexusedge.com/cwa/for-employers>

Self-Generation Incentive Program (SGIP): *This program provides businesses with rebates for installing energy storage technology at non-residential facilities. These storage technologies include battery storage systems that can function during a power outage.*

For more information please visit <https://www.cpuc.ca.gov/sqipinfo/>

State of California Governor's Office of Business & Investment (GoBiz)

California Comeback Guide, [GO-Biz California Comeback Guide](#)

California Office of Small Business Advocate- [California Office of the Small Business Advocate \(CalOSBA\)](#)

Los Angeles County Job Training and Job Placement Services and Funding/ On the Job (OJT) and Incumbent Worker Training (IWT)

<https://wdacs.lacounty.gov/services/job-training-and-placement-services/>

VEAP/OJT (Veteran Employment Assistance/ On-the-Job Training)

- Up to \$9,600 reimbursement per veteran hired.
http://www.edd.ca.gov/jobs_and_training/Services_for_Veterans.htm

Cost Containment/ Efficiencies Resources:

California Manufacturing Technology Consulting (CMTC) - identifies areas of improvement in capability, process and systems for cost savings- www.cmtc.com

Southern California Edison Savings by Design utility savings programs (businesses in SCE service delivery area) – <http://www.sce.com/wps/portal/home/business/savings-incentives>

Southern California Gas Company utility programs - <http://www.socalgas.com/for-your-business>

Financing Programs:

Local Initiatives Support Corp (LISC), www.lisc.org

LA County Community Development Authority- www.lacda.org

Export-Import Bank- <http://www.exim.gov/products/>

SBA-Export Financing - www.sba.gov/international

California Capital Access Program - <http://treasurer.ca.gov/cpcf/calcap/index.asp>

Collateral Support Program - <http://treasurer.ca.gov/cpcf/calcap/collateral/index.asp>

Zero Emissions Vehicle Resources:

- **Zero Emission Transportation Manufacturing Grant:** Grant program administered by California Energy Commission (CEC) that makes awards to projects that will increase in-state manufacturing of zero-emission vehicles (ZEV), ZEV components and batteries, and ZEV charging or refueling equipment. <https://www.energy.ca.gov/solicitations/2022-03/gfo-21-605-zero-emission-transportation-manufacturing>
- **Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP):** Point-of-sale rebates to offset the upfront cost of advanced technologies like fuel cell electric and battery electric trucks and buses. <https://californiahvip.org/>
- **Carl Moyer Memorial Air Quality Standards Attainment Program:** Grants for cleaner on-road trucks, school and transit buses, off-road equipment, marine vessels, locomotives, agricultural equipment, light duty vehicle scrap, and lawn mowers. Administered through local air districts. <https://ww2.arb.ca.gov/our-work/programs/carl-moyer-memorial-air-quality-standards-attainment-program>
- **EnerGIIZE:** EnerGIIZE Commercial Vehicles (Energy Infrastructure Incentives for Zero-Emission Commercial Vehicles) is the nation's first commercial vehicle fleet infrastructure incentive project. EnerGIIZE provides incentives for zero-emission vehicle (ZEV) infrastructure equipment for medium- and heavy-duty battery electric and hydrogen fuel cell vehicles in California. The project provides a user-friendly and streamlined process for participation by breaking down infrastructure deployment barriers through targeted incentives and specialized assistance. <https://www.energiize.org/>