

# Legislative Alert

## California Approves California Competes (GO-Biz) Tax Credit Program

Atlas Insight assists companies from all industry sectors and geographies to negotiate and secure tax credits and incentives for business investment and job creation/retention.

The professionals at Atlas Insight are industry leaders in the field of corporate site selection and incentive procurement.

We help to choose locations for all types of business facilities that meet the long-term needs of those operations, while helping to achieve overall corporate goals.

Our team has extensive experience in all corporate sectors and has consulted on many sensitive projects for some of the world's largest corporations. We strive for excellence with every client.

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### Target Audience: California Employers

#### Details of New Legislation

On July 11<sup>th</sup>, 2013, California's Governor Edmund Brown signed Assembly Bill 93 which introduced the new California Competes Credit effective for the 2014 tax year. Other incentive programs were also created as part of this competitiveness package including a new Hiring Credit and a statutory Sales and Use Tax Exemption on Qualified Purchases. The three new programs will replace the existing Enterprise Zone's (EZ) incentives including the EZ Hiring Credit, and the EZ Sales and Use Tax Credit.

#### GO-Biz Credit

The new California Competes program, also called the GO-Biz Credit, provides eligible taxpayers with a credit against the Corporation Franchise Tax and will be available for the 2014-2024 tax years. **The program will be targeted to both new and existing business and it will not have any qualifying geographical restrictions.**

To participate in the program taxpayers must apply to the Governor's Office of Business and Economic Development (Go-Biz). Applications will be evaluated for consideration based on the project's competitiveness, the number of jobs created, employee wage levels, capital investment, and other economic factors such as the local poverty and unemployment rates. We expect that applications will be accepted beginning in 2014 although it's possible that the Department may begin to extend incentive offers to companies in late 2013. If approved for an allocation, then companies must enter into a Performance Agreement with Go-Biz to outline the company's obligations and to define recapture terms for non-performance.

#### Credit Value & Funding

At this point it is unknown what the maximum value of the credit will be with respect to the number of jobs created and level of capital investment made. We would however expect that guidelines or benchmarks will be available by early 2014.

The legislation has allocated the following funding levels for this program: \$30 million in the 2013-2014 fiscal year, \$150 million in the 2014-2015 fiscal year, and \$200 million beginning in 2015-2016. 25% of the GO-Biz credits will be reserved for small business (< \$2 million gross receipts), and no more than 20% of the total amount available may be awarded to any one taxpayer. If the credit awarded exceeds the taxpayer's liability for that year, then the excess credit may be carried-forward for up to 5 years.

#### Recommended Action:

If your company is considering expanding or locating a new operation in California, then this legislation could present a valuable opportunity. The experts at Atlas Insight have the experience and resources to navigate you through the application, approval and compliance phases while ensuring you receive maximum benefit possible. Please contact us so that we can determine if your company will be a good candidate for California's new California Competes Credit.

