

SBVEZ CONTACTS
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County of San Bernardino

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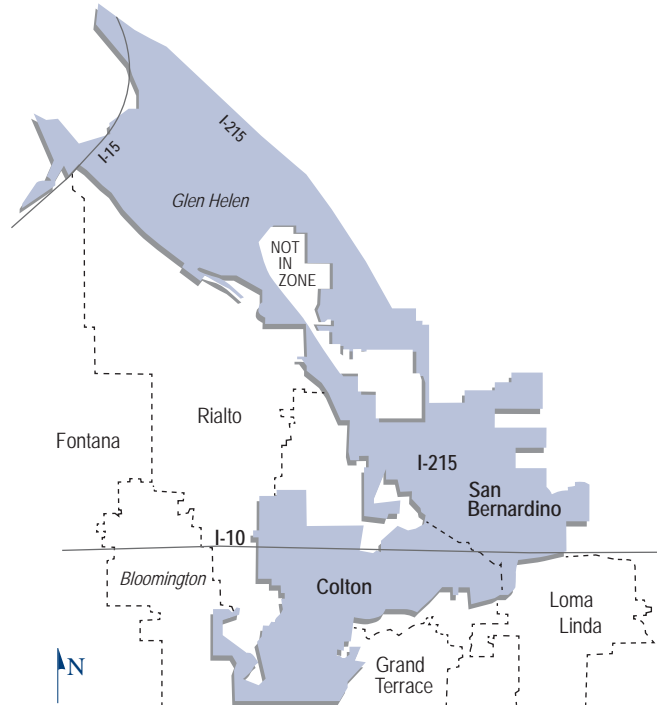
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SAN BERNARDINO VALLEY
ENTERPRISE ZONE



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ENTERPRISE ZONE



ENTERPRISE ZONE
STATE INCENTIVES



The *San Bernardino Valley Enterprise Zone* (SBVEZ) became effective on October 15, 2006.



The SBVEZ is authorized by the State to offer businesses located within the SBVEZ specific tax credits and incentives to create jobs and enhance the local and statewide economy. Please

review the available credits/incentives and contact your Zone Coordinator for more information.

Employee Hiring Tax Credit

Employers engaged in a trade or business within the SBVEZ may claim a hiring tax credit for a qualified employee. The hiring credit per eligible employee can be \$36,660 or more, during the first 5 years of employment.

Sales and Use Tax Credit for New Machinery or Parts

For taxpayers in the SBVEZ, the sales or use tax credit may be taken on qualified property purchase and used exclusively within the boundaries of the SBVEZ. The annual tax credit claimed, is equal to the sales or use tax paid or incurred to purchase up to \$1 million of qualified property of individuals, estates, trusts, and partnerships. Corporations may claim an annual credit equal to the sales of use tax paid on purchases up to \$20 million of qualified property. Qualified property is machinery or machinery parts used to manufacture, process, fabricate, or assemble a product; or produce renewable energy resources; or control air or water pollution. In addition, qualified property is: data processing and communications equipment and, motion picture manufacturing equipment.

Net Operating Loss Carry-over

A business that operates or invests within an Enterprise Zone may carry-over 100% of their NOL which results from activity within the zone and was generated after the date of zone designation. The carry-over period is 15 years, and can only be applied to income from within the zone.

Net Interest Deduction for Lenders

A deduction from income is allowed for the amount of net interest received from loans made to a trade or business located within the SBVEZ. The types of loans that qualify for this deduction include business loans, mortgages, and loans from non-commercial sources. To qualify, Lenders may not have equity or ownership interest in the business.

Business Expense Deduction

Businesses conducting a qualified trade or business within the SBVEZ may elect to treat 40 percent of

the eligible cost of qualified property as a business expense rather than a capital expense. For the year the property is placed in service, the business may deduct the eligible cost in the current year rather than depreciate it over several years.

State Contracts Preference



A company located in the Enterprise Zone may be awarded up to a 5 percent preference on bids with the State of California. In addition to the 5 percent preference, a business may also receive up to 4 percent additional

preference based on the number of qualified Enterprise Zone employees hired to complete the contract. Bidders seeking to obtain state contract preference must submit a completed STD Form 831 to the contracting agency with or prior to their bid submittal.

Enterprise Zone Program Resources

California State Department of Housing and Community Development:

<http://www.hcd.ca.gov/fa/cdbg/ez/>

California State Franchise Tax Board (FTB):

<http://www.ftb.ca.gov>

FTB California Economic Development

Area Hotline: 916.845.3464

FTB Enterprise Zone FAQ's:

<http://www.ftb.ca.gov/forms/misc/1126.pdf>

FTB Enterprise Zone Booklet 3805Z:

http://www.ftb.ca.gov/forms/06_forms/06_3805zbk.pdf

FTB Form 3805Z:

<http://www.ftb.ca.gov/professionals/efile/forms/1345A/3805Z.pdf>

California State Contract Preference Request STD.831 Form:

<http://www.documents.dgs.ca.gov/osp/pdf/std831.pdf>

California Association of Enterprise Zones:

<http://www.caez.org>

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