

SBVEZ CONTACTS

www.SBVEZ.com

City of Colton

Economic Development Department
650 North La Cadena Drive
Colton, CA 92324

Phone: 909.370.5167 • Fax: 909.370.5196
website: <http://www.coltonrda.com>

City of San Bernardino

Economic Development Agency
201 North E Street, Suite 301
San Bernardino, CA 92401

Phone: 909.663.1044 • Fax: 909.888.9413
website: <http://www.sbrda.org>

County of San Bernardino

Department of Economic Development
215 North D Street, Suite 201
San Bernardino, CA 92415

Phone: 909.387.4700 • Fax: 909.387.9855
website: <http://www.OpportunityCA.us>

Inland Valley Development Agency

294 South Leland Norton Way, Suite 1
San Bernardino, CA 92408

Phone: 909.382.4100 • Fax: 909.382.4106
website: <http://www.sbdairport.com>

STATE ENTERPRISE ZONE CONTACTS

California State Department of Housing and
Community Development:
website: <http://www.hcd.ca.gov/fa/cdbg/ez/>

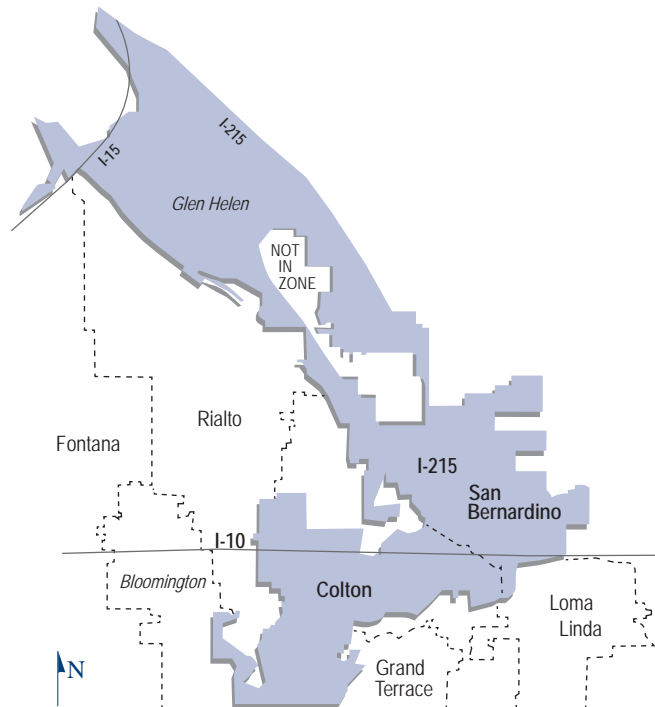
California State Franchise Tax Board (FTB):
website: <http://www.ftb.ca.gov>

FTB California Economic Development
Area Hotline: 916.845.3464

FTB Enterprise Zone FAQ's:

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

SAN BERNARDINO VALLEY ENTERPRISE ZONE



SAN BERNARDINO VALLEY ENTERPRISE ZONE



SAN BERNARDINO VALLEY ENTERPRISE ZONE FREQUENTLY ASKED QUESTIONS



What is an Enterprise Zone?



Enterprise Zones are established by the California Department of Housing and Community Development in economically depressed areas to encourage and

stimulate growth, development, and investment in the area. Taxpayers who invest, operate, or locate a trade or business within an Enterprise Zone may be eligible for special tax incentives.

How do I know if I am located in the San Bernardino Valley Enterprise Zone?

To verify whether your business is located within the SBVEZ, please visit www.SBVEZ.com or contact one of the participating jurisdictions.

What are the SBVEZ tax incentives?

There are 5 tax incentives available to taxpayers that invest in or operate a trade or business located within an Enterprise Zone. The incentives are: **1)** Hiring tax credit; **2)** Sales or use tax credit; **3)** Business expense deductions; **4)** Net operating loss carryover (NOL); and **5)** Lender's credit. For information about each incentive, refer to FTB Publication 3805Z, or FTB Publication 1158.

How do I claim Enterprise Zone tax incentives?

Use the Enterprise Zone form FTB 3805Z. File this form with your California tax return. For those tax incentives that require an election, make the election on this form. The *hiring credit*, *sales or use tax credit*, and *net interest deduction* do not require an election, and can be claimed on either an original or an amended return. Make your election to claim the *business expense* and/or the *NOL deduction* on the original return. You cannot make the election on an amended return.

What employees may qualify for the hiring tax credit?

An SBVEZ business may qualify for the hiring tax credit if a qualified employee is hired on or after October 15, 2006 and before the SBVEZ expires on October 14, 2021.

A qualified employee is an employee who immediately before starting to work for you, is any of the following: **1)** Displaced worker; **2)** Resident of a targeted employment area; **3)** Eligible for the Job Training Partnership Act; **4)** Economically disadvantaged 14 years or older; **5)** Ex-offender; **6)** Veteran recently separated from military service; **7)** Service-connected disabled veteran; **8)** Veteran of the Vietnam area; **9)** Recipient of: SSI, AFDC, Food Stamps, or State and local General Assistance; **10)** Disabled individual eligible for, enrolled in, or who has completed a State rehabilitation plan; and **11)** Native American. Additionally, at least 90% of the employee's work must be directly related to a trade or business activity located in the SBVEZ and at least 50% of the employee's work must be performed inside the boundaries of the SBVEZ.

Can I take the sales or use tax credit if the property purchased was exempt from sales or use tax when purchased?

No. You can only take the sales or use tax credit for sales or use tax you actually paid or incurred on the purchase of qualified property

Do leases qualify for the business expense deduction or the sales or use tax credit?

Yes. If you acquired the property through a leasing arrangement that constitutes a financial (conditional sales) contract, the property may qualify for the business expense deduction or the sales or use tax credit, or both.

What type of loan qualifies a creditor for the net interest deduction?

Loans that may qualify for the net interest deduction include business loans and mortgage loans from commercial or noncommercial sources. To qualify, you must meet **all** of the following: **1)** the funds must be loaned after October 15, 2006, and before October 14, 2021; **2)** the loan must be made to a trade or business located solely within the SBVEZ; **3)** loan proceeds must be used only for the trade or business activities within the SBVEZ; and **4)** the lender may not have any type of ownership interest in the borrower's trade or business.

Is the net interest deduction allowed for the life of the loan?

No. The net interest deduction is only allowed as long as the borrower's trade or business is located in SBVEZ. Once the SBVEZ's or the borrower moves out of the SBVEZ the net interest deduction is no longer allowed.

What is the maximum amount of Enterprise Zone credits I can take in any one year?

The total of all Enterprise Zone credits that you can take in any taxable year may not exceed the lesser of the Enterprise Zone tax limitation, or the "net tax" limitation for individuals, or "tax" limitation for corporations. California Revenue and Taxation Code sections 17039 and 23036 define "net tax" and "tax" respectively

Is the carryover of the NOL deduction to future years limited?

Yes. You may carry an Enterprise Zone NOL forward for 15 years, or until exhausted, whichever occurs first. The carryover deduction can only offset business income attributed to the Enterprise Zone.