



Senator Ricardo Lara's GO-Biz Workshop

Jeff Malin and William Koch

Governor's Office of Business and
Economic Development (GO-Biz)





California Economy

Overview





California Economy

U.S. Leader in Job Creation

- CA was the #1 state for job creation in 2014 with a total of 498,000 net new jobs from January 2014 to January 2015; 105,000 more jobs than the #2 state (BLS)
- 6.9% statewide unemployment = 6 year low
- Gross State Product = \$2.25 trillion, 7th Largest Economy in the World
- California's economy has grown on average 4.1% annually since 2011
- CA leads the U.S. for job growth with strong gains in agriculture, biotech, construction, high tech, trade, transportation and tourism
- California leads all U.S. states in agriculture, technology and manufacturing revenue
 - Agriculture in California produced \$21.4 billion in revenue in 2012, three times more than the \$6.8 billion in second-ranked Iowa.
 - California-based technology companies brought in \$692 billion in revenue in the past 12 months, half the industry's sales across the U.S.
 - The value of manufacturing in California climbed 8 percent to \$204 billion in 2012 (compared with a 7.4 percent increase in Texas to \$176 billion).
- 3.4 million small businesses employ 52% of the workforce



Governor's Office of Business and Economic Development (GO-Biz)

Programs and Services



Department Priorities

- Improving the Business Climate
- Accelerating Regulatory Modernization
- Promoting the Governor's Economic Development Initiative (GEDI)
 - New Employment Credit
 - Sales Tax Exemption
 - California Competes Tax Credit
- Expanding International Presence
- Integration of Economic Development and Workforce Development
- Addressing California's Uneven Recovery



GO-Biz Business Units

- California Business Investment Services (CalBIS)
- Small Business (Office of the Small Business Advocate)
- Permit Assistance
- International Affairs and Business Development
- Innovation and Entrepreneurship
- Infrastructure and Economic Development Bank
- Film Commission
- Travel and Tourism Commission
- California Competes Credit Tax Credit Program
- Made in California Program (*under development*)



State Agency Partners

- Air Resources Board
- Alcohol Beverage Control
- Board of Equalization
- Community Colleges
- Division of Apprenticeship Standards
- Employment Training Panel
- Environmental Protection
- Franchise Tax Board
- Labor and Workforce Agency
- Labor Market Information Division
- Treasurer's Office
- Workforce Investment Board



External Partners

- Chambers of Commerce
- City
- County
- Economic Development Organizations
- Federal Agencies (i.e. SBA, EDA)
- Industry Associations
- National Laboratories
- Small Business Development Centers
- Special Districts
- Universities and Colleges
- Utilities



GO-Biz Business Units



California Business Investment Services (CalBIS)

- Site selection assistance (with regional and local government)
- Incentive analysis
- Regional and local facilitation
- Single point of contact to any state agency

Small Business

- Office of the Small Business Advocate – serves on interagency working groups to represent small business interests
- Technical assistance – regulations, procurement, referrals



GO-Biz Business Units

Permit Assistance

- Individualized permit assistance for specific permitting needs
- Cal-GOLD: online general permit guidance and tracking system
- Mediation: third party support in facilitation of permit disputes with state and local regulatory agencies
- **[New]** Breaking Barriers to Doing Business
- Priorities:
 - E-Tracking: draw on best practices, increase self service, reduce phone inquiries and stress
 - Environmental Permitting Modernization: CalEPA Permit Liaison, Permit Applicant Bill of Rights, ARB Truck Rule Compliance
 - Addressing processes and culture: Lean gov't program, training academy, job cross training, customer feedback survey
 - Re-Authorize the Permit Reform Act of 1981
 - CEQA Program EIR: encourage utilization of programmatic EIR's





GO-Biz Business Units

International Affairs and Business Development

- Mexico 2014 Trade Mission
- Exporting: California State Trade and Export Promotion (STEP) program
- Foreign Direct Investment
 - EB-5 Investor Visa Program
 - GO-Biz TEA Interactive Tool (determine qualifying TEA census tracts)
 - EB-5 Survey (Updated August 2014) – counts track record on jobs, investment, form approvals and provides full contact information as well as investors' nationality
 - **[New]** Web Portal for EB5 foreign investors
- China 2013 Trade Mission and establishment of CA-China Trade Office
- Reports:
 - California International Trade and Investment Strategy 2014
 - California – China Office of Trade and Investment 2014 Annual Report





GO-Biz Business Units

Innovation and Entrepreneurship

- Innovation Hub (iHub) program (16 iHubs Statewide)
 - **[New]** iHubs: iDEA (Kern & Ventura), Inland SoCal Link, San Joaquin, and CNMI
- Performing nationwide promotion of the region's innovation ecosystem
- Facilitating partnerships between government, industry and academia
- Providing business incubation services and facilities for entrepreneurs and start-up companies
- Connecting private sector capital with technology commercialization opportunities
- Pursuing funded research opportunities to strengthen the regional technology base
- Hosting training and networking events to act as catalysts for idea exchange, collaboration, and knowledge sharing across Defense, Energy and Aerospace industries





GO-Biz Business Units



California Infrastructure and Economic Development Bank

- Established in 1994 with broad statutory financing authority under the Bergeson-Peace Infrastructure and Economic Development Bank Act to issue tax-exempt and taxable revenue bonds and incur indebtedness, acquire or lease facilities, make loans, and provide guarantees and other credit enhancements for a wide variety of projects (including environmental and clean energy projects)
- Current I-Bank Programs:
 - Infrastructure State Revolving Fund Program (ISRF)
 - **Small Business Loan Guarantee Program (SBLGP)**
 - Bond Programs
 - 501(c)(3) Revenue Bond Program
 - **Industrial Development (Conduit) Revenue Bond Program (IDB)**
 - Exempt Facility Revenue Bond Program
 - Public Agency Revenue Bond Program
- **[New]** Clean Energy Finance Center dba California Lending for Energy and Environmental Needs Center (CLEEN Center)
 - Statewide Energy Efficiency Program for municipalities, universities, schools and hospitals (MUSH) projects
 - Commercial & Industrial Energy Efficiency Program (CEEP) for private industrial and commercial projects



State Programs and Resources

- Tax credits, exemptions, exclusions
- Financial assistance programs



Governor's Economic Development Initiative

- Sales Tax Exemption
 - Effective: July 1, 2014 through June 30, 2022
 - Board of Equalization to administer
- Hiring Tax Credit
 - Effective: January 1, 2014 through January 1, 2021
 - Franchise Tax Board to administer
- California Competes Tax Credit
 - Effective: April 2014 through June 30, 2018
 - GO-Biz to administer





[New] (Partial) Sales and Use Tax Exemption

- Administered by the Board of Equalization
- Statewide exemption of the state's portion of the sales and use tax (4.1875%) on equipment purchases (or leases) as well as software and certain building improvements for **manufacturing, research and development, and biotechnology**
- Limitations: \$200 Million per year in qualified purchases per business. There is no cap on the program.
- To be eligible under this law, you must meet all three of these conditions:
 - Be engaged in certain types of business, also known as a "qualified person."
 - Purchase "qualified property."
 - Use that qualified property for the uses allowed by this law.



[New] (Partial) Sales and Use Tax Exemption

- A "qualified person" means a person who is primarily engaged (50 percent or more of the time) in those lines of business described in the [North American Industry Classification System \(NAICS\)](#) Codes 3111 to 3399, inclusive, 541711, or 541712 published by the United States Office of Management and Budget (OMB), 2012 edition.
- These industries generally include those primarily engaged in the business of all forms of manufacturing, research and development in biotechnology, and research and development in the physical, engineering, and life sciences.
- "Primarily engaged" means 50 percent or more of gross revenues, including inter-company and intra-company charges, are derived from the qualifying manufacturing activity for the preceding financial year.
- For purposes of research and development, "primarily engaged" means 50 percent or more of the expenses are for such qualifying research and development activities for the preceding financial year.
- In cases where the purchaser was not primarily engaged in qualifying manufacturing or research and development activities for the preceding financial year, the one year period following the date of purchase of the property will be used.



[New] (Partial) Sales and Use Tax Exemption

- "*Qualified tangible personal property*" includes, but is not limited to:
 - Machinery and equipment, including component parts and contrivances such as belts, shafts, moving parts, and operating structures.
 - Equipment or devices used or required to operate, control, regulate, or maintain the machinery, including, but not limited to, computers, data-processing equipment, and computer software, together with all repair and replacement parts with a useful life of one or more years, whether purchased separately or in conjunction with a complete machine and regardless of whether the machine or component parts are assembled by the qualified person or another party.
 - Tangible personal property used in pollution control that meets standards established by this state or any local or regional governmental agency within this state.
 - Special purpose buildings and foundations used as an integral part of the manufacturing, processing, refining, fabricating, or recycling process, or that constitute a research or storage facility used during those processes. Buildings used solely for warehousing purposes after completion of those processes are not included.
- "*Qualified tangible personal property*" **does not** include:
 - Consumables with a useful life of less than one year.
 - Furniture, inventory, and equipment used in the extraction process, or equipment used to store finished products that have completed the manufacturing, processing, refining, fabricating, or recycling process.
 - Tangible personal property used primarily in administration, general management, or marketing.
 - Leases of qualified personal property may also qualify for the partial exemption.



[New] (Partial) Sales and Use Tax Exemption

- The tangible personal property must be used primarily (more than 50% of the time) in one of the following manners:
 - Any stage of the manufacturing, processing, refining, fabricating, or recycling process
 - Research and development
 - To maintain, repair, measure, or test any qualified tangible personal property described by the above, or
 - For use by a contractor purchasing that property for use in the performance of a construction contract for a qualified person, provided that the qualified person will use the resulting improvement to real property as an integral part of the manufacturing, processing, refining, fabricating, or recycling process or as a research or storage facility for use in connection with those processes.
- For purposes of this exemption, the manufacturing process begins from the point you receive raw materials and introduce them into the manufacturing, processing, refining, fabricating, or recycling activity of the qualified person and ending at the point at which the activity has altered the product to its completed form, including packaging, if required.
- The law provides that operational equipment (i.e. computers, tablets, printers, servers) used to run the manufacturing equipment are eligible for the exemption under this program provided they are used for qualifying activities. Even though your primary NAICS code is eligible for the exemption, purchases made for other activities of your operations (i.e. distribution, sales) are not eligible for the exemption.



[New] (Partial) Sales and Use Tax Exemption

- Establishments that are **primarily engaged** (more than 50% of the time) in **research and development** activities in biotechnology, physical engineering, and life sciences may qualify for the partial exemption. To qualify for the exemption, the establishment **must** be classified under one of the following two North American Industry Classification System (NAICS) codes:
 - 541711 Research and Development in Biotechnology
 - 541712 Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)
- Qualifying research and development activities may be defined as:
 - Those activities described in Section 174 of the Internal Revenue Code.
 - For the purpose of discovering information that is technological in nature.
 - To discover useful information for new or improved business components.
- In general, there are two types of business components in which a taxpayer can claim that it was engaged in qualified research and development: 1). Product development and 2). Process improvement

Example:

- A University has a research and development department. Research and development is not the primary activity of the University. Therefore, the University's overall activities are not best described by a qualifying NAICS code. However, if the University can establish that the research and development department is a **separate "establishment,"** then the research and development department may qualify for the partial exemption. To be considered a separate establishment, the University **must keep separate books and records** for the research and development department.



CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

(Full) Sales and Use Tax **Exclusion**

- A (full) sales and use tax exclusion is available for:
 - **advanced manufacturers;**
 - **manufacturers of alternative source energy products, components or systems; and**
 - **advanced transportation products, components or systems**
- State Treasurer's Office will accept applications on a rolling (monthly) basis. Applications will be considered at the first board meeting at least 60 days after the completed application is submitted.
- Fees:
 - Application fee = 0.0005 of the total amount of the Qualified Property (min = \$250, not to exceed = \$10,000)
 - Administration fee = 0.004 of the total amount of the Qualified Property purchased (min = \$15,000, not to exceed = \$350,000)



CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

(Full) Sales and Use Tax Exclusion

For **Advanced Manufacturing Projects** please provide a description of how the Project meets the statutory definition and includes the following:

- Manufacturing processes that improve existing, or create entirely new materials, products, and processes through:
 - the use of science, engineering, or information technologies,
 - high-precision tools and methods,
 - a high-performance workforce, **and**
 - innovative business or organizational models
- Uses any of the following technology areas:
 - Micro- and nanoelectronics, including semiconductors.
 - Advanced materials.
 - Integrated computational materials engineering.
 - Nanotechnology.
 - Additive manufacturing.
 - Industrial biotechnology.
- How the proposed Project results in a substantive advancement, whether incremental or breakthrough, beyond the current industry standard, in the production of materials and products.
- How the proposed Project is a sustainable manufacturing system that minimizes the use of resources while maintaining or improving cost and performance (this cannot include systems or technologies required to be undertaken pursuant to state or federal law or regulations).



[New] New Employment Credit

- Administered by the Franchise Tax Board
- Corporate income tax credit available for taxable years beginning on or after January 1, 2014, and before January 1, 2021.
- To obtain a credit on or after January 1, 2014 :
 - A qualified taxpayer must hire a qualified full-time employee
 - Taxpayer must be located in a **Designated Geographic Area** or Pilot Area **and**,
 - Have a net increase in employment **and**,
 - Hire from 1 of 5 target populations
 - Pay qualified wages attributable to work performed by the qualified full-time employee in a DGA,
 - Receive a Tentative Credit Reservation (within 30 day of complying with EDD new hire reporting requirements) for that qualified full-time employee.
- Qualified taxpayers must annually certify each qualified employee.
- FTB is required to provide the employer names, the amounts of tax credit claimed, and the number of new jobs created for each taxable year, as a searchable database on its website for each taxable year



New Employment Credit

DGA Mapping Tool

- Establishes newly drawn incentive geographies
- Geographic areas are drawn using census tract data
- Green areas = high unemployment and high poverty are included
- Blue areas = former enterprise zone boundaries are included
- Grey areas = areas with low unemployment and low poverty are excluded

California New Employment Credit / Designated Geographic Area (DGA) Map
Use this map to determine if a location is within the DGA. | Last Updated: Feb. 20, 2015

Showing Results For:
Latitude / Longitude:
33.891666 / -118.150947
Address:
15500 Downey Ave,
Paramount, CA 90723
Search date:
3/17/2015

Outside DGA
This location appears to be outside the Designated Geographic Area (DGA). Use this map to visually verify that this result is correct and that your pin point has dropped in the correct location.

Search Again Print

[About / Help](#)

Census Tracts
High unemployment / high poverty (included in DGA)
Low unemployment / low poverty (excluded from DGA)

Enterprise Zones
Included in DGA except in low unemployment / low poverty census tracts

LAMBRA Boundaries
Included in DGA

Pilot Areas
Included in DGA except in low unemployment / low poverty census tracts

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[New] New Employment Credit

A qualified full-time employee is an individual who meets all of the following:

- Performs at least 50% of their services for the employer in the DGA.
- Receives starting wages that are at least 150% of the State minimum wage.
- Is hired on or after January 1, 2014.
- Is hired after the DGA is designated.
- Is paid hourly wages for an average of at least 35 hours per week, or is salaried, and paid for full-time employment (within the meaning of Section 515 of the Labor Code).
- At the time of hire an individual meets any of the following conditions:
 - Unemployed for at least six months, not having completed a degree or course of study.
 - Unemployed for 6 months or more, and completed a completed a degree or course of study more than 12 months prior to hire. For purposes of this definition, unemployed means all of the following:
 - Not receiving wages.
 - Not self-employed.
 - Not a full-time student.
 - Veteran, separated from the armed forces within 12 months.
 - Recipient of the federal Earned Income Credit in the previous taxable year.
 - Ex-offender convicted of a felony.
 - Current recipient of CalWORKS or county general assistance.



[New] New Employment Credit

- The credit is based on 35% of qualified wages or wages between 150% and 350% of minimum wage. In order to generate an allowable credit, the qualified taxpayer must have a net increase in its total number of full-time employees working in California, when compared to its base year both based on annual full-time equivalents.
- New Employment Credit Reservations can be completed online at www.ftb.ca.gov

CA.GOV State of California Franchise Tax Board

New Employment Credit Reservation – Entity Type

Employer Qualification

Only an employer who is a qualified taxpayer may receive a tentative credit reservation for a qualified full-time employee. The following is the employer qualification assessment. [?](#)

* Required Fields

* Entity Type

Select one

Date: 3/17/2014

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Session expires in 19:50.



[New] California Competes Tax Credit Program



- Administered by the Governor's Office of Business and Economic Development
- Corporate income tax credits available to businesses that successfully compete in a tax credit notification period on certain project/business based merits.
- Tax credit agreements are negotiated by GO-Biz and approved by the California Competes Tax Credit Committee (consisting of the State Treasurer, the Director of the Department of Finance, the Director of GO-Biz, one appointee from the Senate, and one appointee of the Assembly).



[New] California Competes Tax Credit Program

Negotiated tax credit

- \$30 million in fiscal year 2013/14
- **\$150 million in fiscal year 2014/15**
- \$200 million in each fiscal year 2015/16 - 2017-18
- 25% dedicated to Small Business
- No more than 20% can go to one company

For FY14/15, GO-Biz will accept applications during the following periods:

- September 29, 2014, through October 27, 2014 (\$45 million available)
- January 5, 2015, through February 2, 2015 (\$75 million available)
- March 09, 2015, through April 6, 2015 (\$31.1 million available plus unallocated amounts from the previous application periods = +\$44M)



[New] California Competes Tax Credit Program

- Two-phase application evaluation process
- The first phase is an automated process where quantifiable information from the application (job creation, investment, and amount of credit requested) is **calculated** and compared against other applications received during each application period
- Application Score = Amount of Credit Requested ÷ Total State Benefit (Capital Investment + Gross Wages)
- Applications that have scored within the top two tiers (those with the most advantageous cost-benefit ratio to the state) will move to the second phase for qualitative review



[New] California Competes Tax Credit Program



Phase Two Evaluation

Credit amount based on 11 factors:

1. Number of jobs created or retained
2. Compensation paid to employees
3. Amount of investment
4. Extent of unemployment or poverty in business area
5. Other incentives available in California
6. Incentives available in other states
7. Duration of proposed project and duration of commitment to remain in CA
8. Overall economic impact
9. Strategic importance to the state, region, or locality
10. Opportunity for future growth and expansion
11. Extent the benefit to the state exceeds the amount of the tax credit



[New] California Competes Tax Credit Program

- Through two rounds of awards, GO-Biz has awarded approximately \$60 million to 85 companies that are projected to create over 10,000 jobs and make close to \$3 billion in investments.
- For companies interested in applying for California Competes tax credits, GO-Biz opened another application period on March 9th and companies can now apply for over \$44 million in California Competes tax credits until **April 6th**.
- To apply for California Competes, visit: www.calcompetes.ca.gov



Other State Tax Credit Programs

Research Credit

- Available to taxpayers engaged in qualified research activities in California.
- There are several differences between federal and California law. Therefore, you must be familiar with the California provisions for the year you are claiming the research credit.
- Complete FTB 3523 to claim the research credit.

Film & Television Tax Credit

- Qualified taxpayers are allowed a credit against income and/or sales and use taxes, based on qualified expenditures, for taxable years beginning on or after January 1, 2011.
- Credits applied to income tax liability are not refundable. Only tax credits issued to an "independent film" may be transferred or sold to an unrelated party. Other qualified taxpayers may carryover tax credits for 5 years and transfer tax credits to an affiliate.
- **[New]** AB1839, signed September 18, 2014, creates a new five-year film and TV tax credit program beginning in fiscal year 2015/16 with expanded eligibility to include big-budget feature films, 1-hr TV series (for any distribution outlet) and TV pilots. Funding for the new program is \$230 million in fiscal year 2015-16, and **\$330 million per fiscal year from 2016-17 through 2019-20**. This legislation replaces the current lottery system for allocating tax credits with a jobs-based ranking system.



Financial Assistance Programs

- I-Bank Programs
- State Treasurer's Office Programs
- Federal Programs (besides SBA)



Financial Assistance Programs: I-Bank

- Industrial Development (Conduit) Revenue Bonds (IDBs) are tax-exempt securities issued up to **\$10 million** by a governmental entity to provide money for the acquisition, construction, rehabilitation and equipping of manufacturing and processing facilities for private companies.
- IDBs can be issued by the I-Bank, local Industrial Development Authorities, or by Joint Powers Authorities.
- IDBs are governed by both federal and state laws



Financial Assistance Programs: I-Bank

General Eligibility Requirements:

- **Manufacturing Facility.** The project financed by the bonds must be a facility used for the manufacturing, production or processing of tangible property (including the processing resulting in the change of such property). No more than 25% of the bond proceeds can be applied to ancillary office, warehouse or other space.
- **Qualifying Costs.** At least 95% of the bond proceeds must be spent on qualifying costs. Qualifying costs are generally capital expenditures such as land, building and equipment and other depreciable property (and can also include capitalized interest during construction).
- **Land.** No more than 25% of the bond proceeds can be used to acquire land.
- **Acquisition of Existing Manufacturing Facilities.** The acquisition of an existing facility (including manufacturing equipment) can be financed if at least 15% of the portion of the bond amount used to purchase the facility is spent on eligible rehabilitation expenditures within a two-year period.
- **No Used Equipment.** Except as part of the acquisition of an entire facility, bond proceeds cannot be used to acquire used equipment.
- **Maturity.** The average maturity of the bonds cannot exceed 120% of the average economic life of the assets financed.
- **No Working Capital or Inventory.** Bond proceeds cannot be used to finance working capital or inventory.
- **\$20,000,000 Capital Expenditure Limitation.** The capital expenditures for the project, when added to the company's other capital expenditures in the same public jurisdiction as the project for the three years immediately preceding and three years following the closing of the financing of the project, cannot exceed \$20,000,000.
- **\$40,000,000 Aggregate Limitation.** A borrower and certain users may not be the beneficiary of more than \$40,000,000 of certain tax-exempt bonds regardless of the location of the projects, during a three year period after the facility being financed is placed in service.
- **Public Benefits.** The project financed by the bonds must meet certain public benefit criteria established by the California Debt Limit Allocation Committee (CDLAC), which include, among other things, the creation or retention of jobs. CDLAC's criteria for IDBs and other types of private activity bonds can be obtained at www.treasurer.ca.gov/cdlac/.
- **Credit Requirements.** Generally, the borrower needs to secure a letter of credit in the amount of the bonds from a bank with a long-term credit rating of at least "A3" from Moody's Investors Service (Moody's), or an "A-" from Standard & Poor's (S&P) or Fitch Ratings, Inc. (Fitch). Bonds can also be sold directly to Qualified Institutional Buyers or Accredited Investors, without a rating, so long as IBank conditions for direct purchases or private placements are met.



Financial Assistance Programs: I-Bank

Benefits of IDB Financing:

- **Low Interest Rates** - generally 20% to 30% below comparable commercial alternatives.
- **Long-Term Financing** - longer than conventional financing, often up to 30 years (but subject to the maturity limit stated above).
- **Comprehensive Funding** - funds can be used for construction and take-out financing for land, buildings and equipment, but cannot be used to refinance borrowings or costs incurred prior to issuer inducement resolution. While up to 100% of qualified costs may be funded, in most cases lenders or credit banks require a significant equity contribution.
- **Assumable** - the bonds are assumable if the business is sold to an entity engaged in a qualified use.
- **No Prepayment Penalty in Some Cases.** Determination as to prepayment penalty is made by lenders and letter of credit banks.



Financial Assistance Programs: I-Bank

The IDB Process

Process can generally be completed within 120 - 150 days. The I-Bank staff and a financing team, which typically consists of an underwriter, bond counsel and financial advisor, will assist the applicant through each stage of the process.

Stage 1 - Pre-Qualification

- Pre-Application
- Federal Requirements
- State Requirements

Stage 2 - Approvals

- Inducement Resolution by Issuer
- Application to Issuer for Final Approval
- Noticed Public Hearing ("TEFRA")
- Letter of Credit Commitment from Bank
- State Tax-Exempt Allocation Approvals

Stage 3 - Bond Issuance

- Documentation
- Final Resolution of Issuance by Issuer
- Bond Sale
- Funding



Financial Assistance Programs: I-Bank

- The **California Small Business Loan Guarantee Program (SBLGP)**, through *Financial Development Corporations*, issues loan guarantees (up to 80% of the loan) to financial institutions that lend to small businesses experiencing capital access barriers and that need assistance with establishing a favorable credit history to obtain future loans.
 - When a business cannot otherwise qualify for a loan, the program provides lenders with the necessary security in the form of a loan guarantee.
 - Business size eligibility for the SBLGP generally follows the U.S. Small Business Administration 7(a) program guidelines.
 - Qualifications: Use of Proceeds must be used for small businesses located in the State of California. Borrower must show repayment ability.
 - Maximum Loan Amount: \$20 million
 - Maximum Guarantee Liability: \$2.5 million per borrower
 - Maximum Guarantee Percentage: 80%
 - Maximum Guarantee Term: 7 years
 - Fees: Guarantee fee is 2% of the guaranteed portion of the loan, plus a \$250 document fee
 - Interest Rate: Market rate as negotiated between lender and borrower
 - Collateral: Business and personal assets (machinery, equipment, accounts receivables, inventory and real property)
 - Eligible uses of funds: Business start-up costs; working capital; inventory; franchise fees; business expansion; Lines of Credit; non-passive business real estate such as new construction and renovations; SBA 504 Bridge financing; as well as refinancing of existing business debt



Financial Assistance Programs: Treasurer's Office

- **California Capital Access Program (CalCAP) Loan Loss Reserve** is a form of loan portfolio insurance which may provide up to 100% coverage on certain loan defaults made by participating CalCAP lenders.
 - CalCAP insures loans made to small businesses to finance the acquisition of land, construction or renovation of buildings, the purchase of equipment, other capital projects and working capital.
 - The maximum loan amount is \$5 million and the maximum **enrolled** amount is \$2.5 million. Each individual borrower is limited to a maximum \$2.5 million enrolled over a 3 year period.
 - Lenders set all the terms and conditions of the loans and decide which loans to enroll into CalCAP.
 - Lenders determine the premium levels to be paid by the borrower and lender (within the parameters of the Program).
 - Loans can be short- or long-term, have fixed or variable rates, be secured or unsecured, and bear any type of amortization schedule.
- **CalCAP Collateral Support** provides up to 40% coverage in the form of a cash deposit on eligible green and manufacturing loans and qualified small business loans between \$50,000 and \$250,000.
 - For small business loans greater than \$250,000, CalCAP CS provides up to 30% coverage.
 - An additional 10% coverage will still be provided for loans where the borrower's business is located in a Severely Affected Community (SAC).
 - The minimum loan amount is \$50,000 and the maximum loan amount is \$20,000,000. The maximum support amount for eligible green and manufacturing loans is \$2,500,000 per borrower and per loan, or \$500,000 for other small business loans.



Financial Assistance Programs: Federal

- **EB5 Immigrant Investor Visa Program:** Section 203(b)(5) of the Immigration and Nationality Act (INA), allocates 10,000 “EB-5” immigrant visas per year to qualified individuals seeking Lawful Permanent Resident (LPR) status on the basis of their capital investment in a commercial enterprise.
 - The standard capital investment requirement for an EB-5 investor is \$1 million. The capital investment requirement for an EB-5 investor in a **Targeted Employment Area (TEA)** which is either in a high unemployment area, (calculated as an area with an unemployment rate that is at least 150% of the national average), or a Rural Area (RA) is **\$500,000**. Congress has reserved 3,000 of the 10,000 EB-5 visas for EB-5 investors who invest in TEAs. Each EB-5 investors must demonstrate that their capital investment will create/preserve **at least ten (10) jobs** for qualified U.S. workers within the United States.
 - **GO-Biz, New Web Portal for EB5 Foreign Investors:** Effective October 2, 2014, the process for determining qualifying TEA census tracts outside of the State’s designated high unemployment census tracts or, to determine and apply for special TEAs and/or, for requesting a Certification Letter will be automated through a new interactive database tool.
<http://maps.gis.ca.gov/gobiz/tea/teafinder.html>



Financial Assistance Programs: Federal

- The **New Markets Tax Credit (NMTC) Program**, enacted by Congress as part of the Community Renewal Tax Relief Act of 2000, is incorporated as section 45D of the Internal Revenue Code. This Code section permits individual and corporate taxpayers to receive a credit against federal income taxes for making Qualified Equity Investments (QEIs) in qualified community development entities (CDEs).
- The credit provided to the investor equals 39% of the QEI and is claimed over the seven-year credit period. Under IRC §45D(a)(2), the applicable percentage is 5 percent for the first three credit allowance dates and 6 percent for the last four credit allowance dates



Programs and topics for next time...

- Workforce development and training
 - California Employment Training Panel: Cash reimbursements for employer sponsored training
 - American Job Centers of California: Free recruitment services and potentially wages subsidies for employer sponsored on-the-job training opportunities
- Enhanced Infrastructure Finance Districts (EIFDs): Property Tax Increment Financing for affordable housing, development of industrial structure for private use, transit priority projects and projects that implement sustainable communities strategies
- Energy efficiency financing initiatives
 - I-Bank: California Lending for Energy and Environmental Needs (CLEEN) Center
 - Treasurer's Office: Statewide Energy Efficiency Financing Pilot Programs (CHEEF)
 - Small Business Lease Program - 2Q/3Q 2015
 - Small Business Loan Program - 3Q 2015
 - Non-Residential On-Bill Repayment Program - 2Q/3Q 2015
 - Property Assessed Clean Energy (PACE) financing
- GO-Biz: Innovation Hub Center (iHub) program



Contact Information





Contact Information

California Governor's Office of Business and Economic Development (GO-Biz)
300 South Spring Street, Suite 16701, Los Angeles, California 90013
www.business.ca.gov

Jeff Malin

California Business Investment Services (CalBIS)

Office: (213) 620-2978

Mobile: (213) 435-9554

E-mail: jeff.malin@gov.ca.gov

Will Koch

California Competes Tax Credit Program

Office: (916) 322-0661

E-mail: william.koch@gov.ca.gov