

ARE YOU IN THE ZONE?

THE COACHELLA VALLEY ENTERPRISE ZONE

TAKE CREDIT FOR IT!

The Enterprise Zone is a geographical area designated by the State as being eligible for State Income Tax credits and other financial incentives. These benefits are only available to companies within the Zone and are offered to encourage business growth and job creation. This innovative partnership between State, local government and private business is very successful, saving millions each year for businesses within the Zone's boundaries. The Coachella Valley Enterprise Zone includes the non-residential areas of Thousand Palms, Indio, Coachella, Thermal and Mecca.

All businesses within the Enterprise Zone are eligible for the following incentives. These can potentially save many thousands of dollars for any business, small or large, through reduction of State Income Tax. Click on the Incentive name for more detailed information on the five major incentives.

5 MAJOR INCENTIVES

1. Employer Hiring Credit

A business may reduce its State Income Tax by a portion of wages paid to qualified employees, for over \$30,000 over a five year period. A simple one page application form must be completed for each qualifying employee. Should an employee not qualify based on the application criteria, he/she may still qualify if the employee lives within the Targeted Employment Area.

Since its inception, there have been no fees associated any of our Enterprise Zone programs, However, the State agency overseeing all of the Zone programs (Department of Technology, Trade and Commerce) was dissolved because of budget problems. All Enterprise Zone programs are now under the responsibility of the Department of Housing and Community Development. In order to offset costs of managing this valuable program HCD has instituted a charge to be collected at time of application for issuance of a voucher. Therefore, commencing November 1, 2004, there will be a \$20.00 fee for each new Hiring Credit Pre-Application form submitted to the Coachella Valley Enterprise Zone. For more information, or answers to any of your questions, please call Executive Director Hal Joseph at 391-5176.

2. Sales and Use Tax Credit

Sales and Use Taxes paid for new machinery and parts used within the Zone may be applied as credits against State Income Tax.

3. Business Expense Deduction

Certain Property purchased for use within the Enterprise Zone may be deducted as a business expense on State Tax returns the first year it is placed in service.

4. Net Operating Loss Carryover

(This incentive has been removed from the Enterprise Zone benefits. The decision is being challenged and is anticipated to be included back soon)100% of losses incurred by a business within the Zone can be carried over to years in which taxable income is earned.

5. Net Interest Deduction for Lenders

This allows a lender to deduct from their taxable income the amount of "net interest" on loans made to a business located in the Enterprise Zone. Business owners have been able to negotiate lower interest rates because of this incentive.

ADDITIONAL INCENTIVES

Bidders Preference

Enterprise Zone businesses can receive a Bidders Preference of 5% when bidding on State of California contracts.

Child Care and Rideshare Tax Credits

The State of California allows tax credits for employers who participate in child care and rideshare programs.

LOCAL ASSISTANCE INCENTIVES

Specific Incentives

Reduced land costs or fee waivers may be available depending on capital investment and the number of jobs created by a new business within the Zone.

Fast Track Permitting

Forty-five (45) day fast track permitting for eligible site plans for industrial projects.

Site Selection Assistance

The Enterprise Zone staff will assist prospective new businesses in their search for suitable sites within the Zone.