

West Berkeley Enterprise Zone Seminar

March 24, 2010



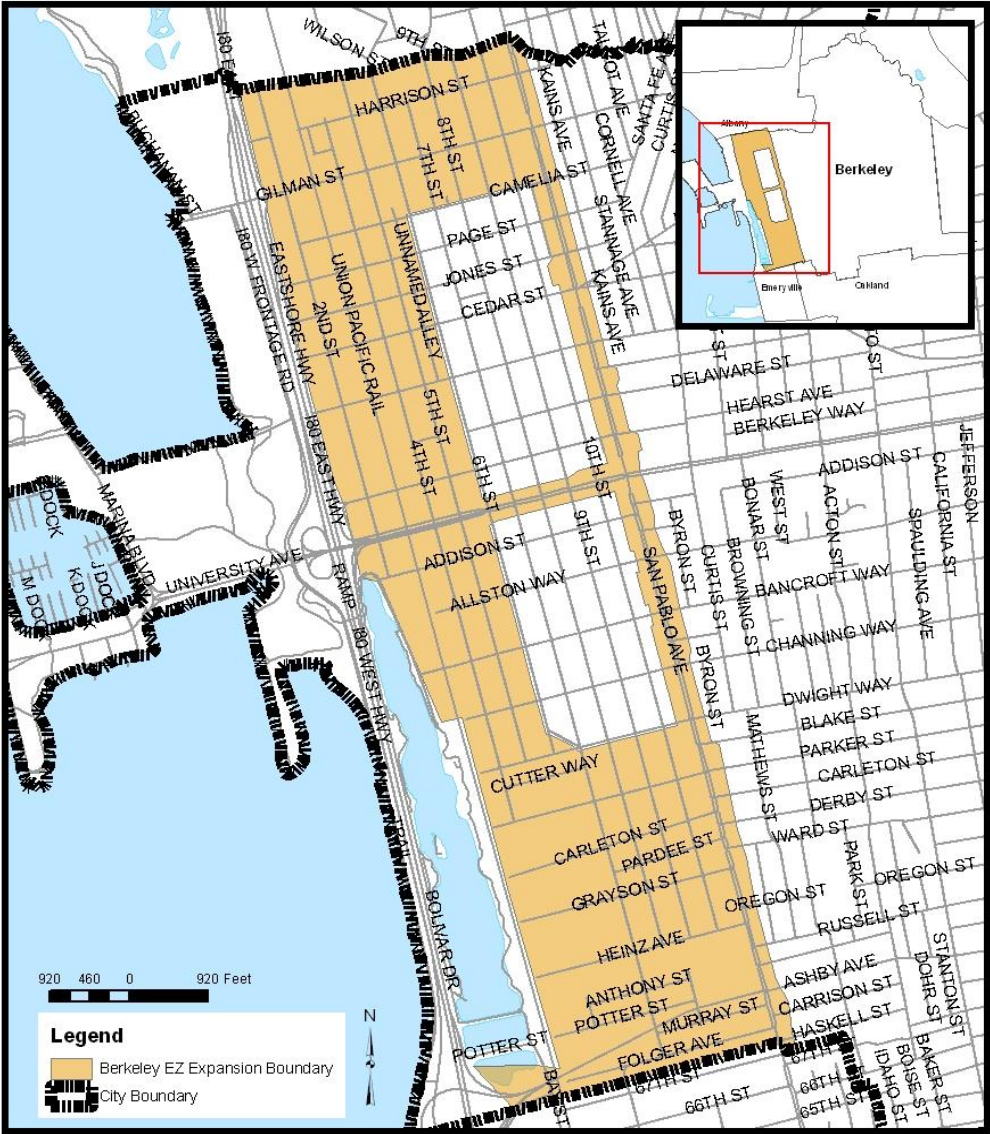
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What is an Enterprise Zone ?

- The Enterprise Zone (EZ) program is a geographic area developed by the California State Legislature to provide targeted areas with a means to stimulate business and employment growth.
- The City of Oakland received a 15-year "Enterprise Zone" designation on September 28, 1993 for large portions of the City including the Downtown, Airport, Port, industrial and manufacturing areas.
- The State of California re-designated Oakland on January 31, 2008 for an additional 15 years. Oakland businesses in the zone (from large manufacturing companies to small neighborhood restaurants) can reduce their state taxes by taking advantage of EZ tax credits.
- **The Oakland EZ expanded into West Berkeley effective December 1, 2009, to retain Bayer.**

West Berkeley Enterprise Zone



Available California Enterprise Zone Benefits

- A California income tax credit based on wages paid to qualified employees
- A California income tax credit based on the sales/use tax paid on purchases of certain qualified equipment
- Enterprise Zone companies can earn preference points on state contracts
- A net interest deduction for lenders
- A net operating loss carryover
- An employee tax credit for low wage employees
- A business expense deduction for business property

Primary EZ Incentives

- **Tax Credit for Sales or Use Tax Paid:**

- A business operating in an enterprise zone is eligible to receive an income tax credit equal to the sales or use tax paid up to the first \$1 million (\$20 million for corporate taxpayers) of machinery or parts purchased for use within the enterprise zone.

- **Tax Credits for Qualified Hires:**

- The hiring credit is offered to businesses that hire qualified individuals to work within the boundaries of the zone. There are 18 categories for qualifying employees and the credit amount can be over \$37,000 received over a 5-year period per employee. Participating businesses regularly generate tens of thousands and even hundreds of thousands of dollars of credits annually.

EZ Sales and Use Tax Credit

Qualified equipment includes property used to:

- Manufacture, process, combine or otherwise assemble a product
- Produce renewable energy resources
- Control air or water pollution
- Data processing and communications equipment, including computers, computer-automated drafting systems, copy machines, telephone systems, and faxes
- Motion picture manufacturing equipment central to production and post-production, including cameras, audio recorders, and digital image and sound processing equipment

EZ Sales and Use Tax Credit

Additional notes:

- The business must use the machinery exclusively within the boundaries of the enterprise zone.
- Use tax paid on purchases of machinery outside California qualify for the sales and use tax credit only if machinery of comparable quality and price was not available in California at the time it was purchased.
- The sales tax paid on qualified property purchased using a financial (conditional sales) contract qualifies for the sales and use tax credit.
- The amount of the sales and use tax credit claimed may not exceed the amount of tax attributable to the enterprise zone business income in any year.
- In addition, the sales and use tax credit cannot increase the basis of the qualified property for depreciation purposes

California Enterprise Zone Hiring Credit

- **Employers may claim a hiring credit against their California income tax for an employee who:**
 - ✓ Was hired after the Enterprise Zone (EZ) received its designation date;
 - ✓ Spends at least 90% of work time on activities directly related to the conduct of a trade or business located within the EZ; and
 - ✓ Performs at least 50% of the work within the boundaries of the EZ.
 - ✓ Meets the qualification requirements

Examples of EZ Hiring Credit Eligibility

- Resident of a Targeted Economic Area (TEA)
- Unemployed, laid off, Dislocated Worker
- Are eligible to, or have recently completed subsidized employment training services under the Workforce Investment Act (WIA)
- Participant in work activities under CalWorks
- Belong to a targeted socio-economic group (have or are currently receiving public assistance)
- Qualified Veteran
- Ex-Offender (Convicted of Misdemeanor or Felony)
- Member of a federally recognized Indian tribe of Native American, Native Samoan, Native Hawaiian

Example of EZ Hiring Credit Calculation

The example takes into consideration the following assumptions:

- Qualified employee works at least 5 years for the qualified company
- Qualified employee works full time (i.e., 2,080 hours per year)
- Qualified employee makes at least 150% of the minimum wage *
- Minimum wage rate is the same each year for purposes of this example.

* NOTE: For the 2008 year, the minimum wage is \$8.00 per hour. As a result, the qualified hourly wage limitation is \$12.00 (\$8.00 per hour x 150% = \$12.00).

	Year 1	Year 2	Year 3	Year 4	Year 5
Hours Worked	2,080	2,080	2,080	2,080	2,080
150% of Minimum Wage	12	12	12	12	12
Qualified Wages	24,960	24,960	24,960	24,960	24,960
Hiring Credit Rate	50%	40%	30%	20%	10%
Hiring Credit	12,480	9,984	7,488	4,992	2,496

Total 5-Year Enterprise Zone Hiring Credit for a Qualified Employee

\$ 37,440

Online Vouchering System

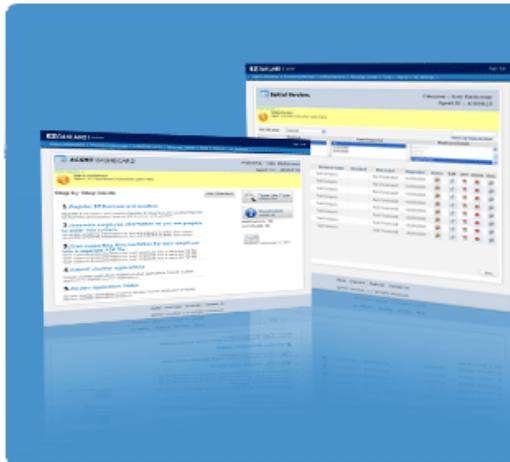
EZ

Boundaries

Vouchering

Library

EZOAKLAND | Simple Secure & Web-based Voucher Processing & Management System



City of **Oakland**
Enterprise Zone Program

[Sign Up](#)

Agent Sign In

Username:

Password:

Keep me signed in

[Forget Password ?](#)

[New Agent? Sign Up !](#)



EZ

Benefits | FAQs | Fees | News |



Boundaries

Enterprise Zone | Targeted Employment Area |



Vouchering

Instructions | Request Options | Appeals |



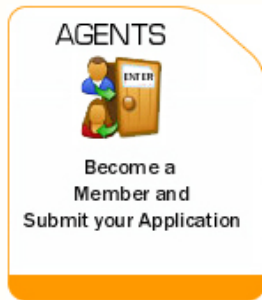
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Resources | Tools | HCD Income Limits |

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Online Vouchering System: Important Terminology



An **Agent** section pertains to the submitter of the voucher request. It can be a consultant, participating business employee or other entity (nonprofit, etc) assisting the business with this process.



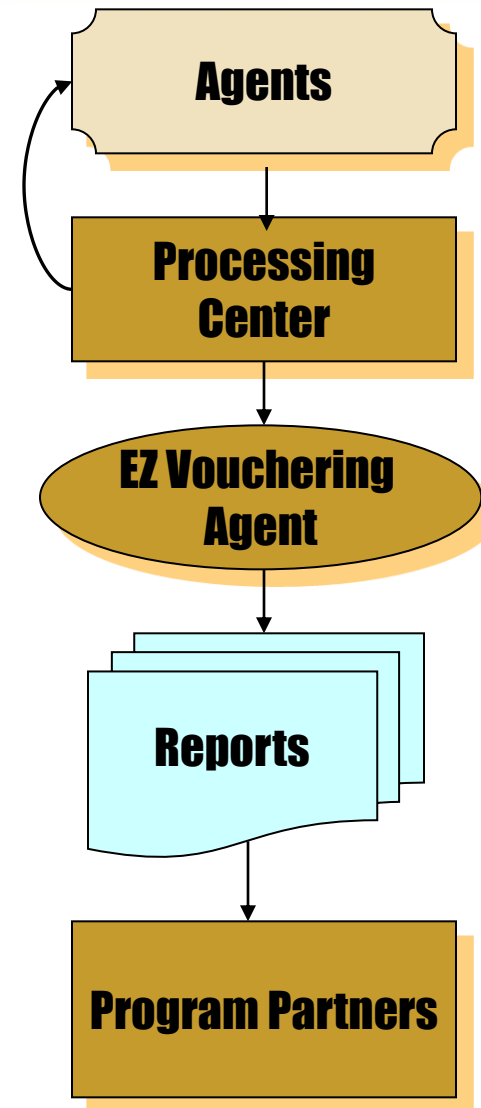
The **Processing Center** pertains to the City of Oakland's internal group responsible for the initial review of the voucher requests for review by the vouchering agent.



The **Enterprise Zone** pertains to the Oakland Enterprise Zone vouchering agent or EZ coordinator responsible for processes voucher applications and managing the overall process.

EZ Vouchering Process

1. Oakland processing center receives voucher applications and conducts initial review
2. Processing center will make information available for vouchering agent or return request to Agent if not properly submitted
3. Vouchering agent review applications and approves/denies with the push of a button
4. Agent immediately receives system generated signed certificate electronically through online system
5. All data stored in system database for future reference



Online Vouchering System: Agent Registration

* Mandatory Fields



Become an Agent

First Name :	<input type="text"/>	*	Last Name :	<input type="text"/>	*
Job Title :	<input type="text"/>	*	Confirm Email :	<input type="text"/>	*
Email :	<input type="text"/>	*	Website :	<input type="text"/>	
Agent Organization Name :	<input type="text"/>	*	City :	<input type="text"/>	*
Street Address :	<input type="text"/>	*	Zip Code :	<input type="text"/>	*
State :	<input type="text" value="California"/>	▼	Fax :	<input type="text"/>	
Phone :	<input type="text"/>	*	Confirm Password :	<input type="text"/>	*
Login ID :	<input type="text"/>	*	Security Answer 1 :	<input type="text"/>	*
Password :	<input type="text"/>	*	Security Answer 2 :	<input type="text"/>	*
Security Question 1 :	<input type="text" value="What is your mother's maiden name?"/>	▼			
Security Question 2 :	<input type="text" value="What is the name of your close friend?"/>	▼			

Online Vouchering System: Dashboard



AGENT DASHBOARD

Welcome : Joe Doe

Agent ID : AI000139

[\(Show Details...\)](#)

Step by Step Guide

[Get Started](#)



[Take the Tour](#)
Check it out



[Questions?](#)
Contact us

1. Register EZ Business and Location

Register EZ Business and Location Register EZ Business and Location Register EZ Business and Location Register EZ Business and Location

2. Assemble employee information so you are prepare to enter into system

Assemble employee information so you are prepare to enter into system Assemble employee information so you are prepare to enter into system

3. Scan supporting documentation for each employee into a separate PDF file

Scan supporting documentation for each employee into a separate PDF file Scan supporting documentation for each employee into a separate PDF file Scan supporting documentation for each employee into a separate PDF file.

4. Submit voucher applications

Submit voucher applications Submit voucher applications Submit voucher applications Submit voucher applications.

5. Review Application Status

Review voucher application progress Review voucher application progress Review voucher application progress.



MESSAGES (0) NEW

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Online Vouchering System: Business Registration

- Instructions
- Select Business**
- Enter Application Submission Details
- Enter Employee Data
- Application Review
- Receive Invoice Select Payment
- Receive Confirmation

Enter Business

Business Details

Business Name :	<input type="text"/> *	Federal Taxpayer ID :	<input type="text"/> *
First Name :	<input type="text"/> *	Last Name :	<input type="text"/> *
Job Title :	<input type="text"/> *	Email :	<input type="text"/>
Street Address :	<input type="text"/> *	City :	<input type="text"/> *
State :	California <input type="button" value="v"/>	Zip Code :	<input type="text"/> *
Phone :	<input type="text"/> *	Fax :	<input type="text"/>

* Mandatory Fields

Enterprise Zone Location

Same address as above

Location Name :	<input type="text"/> *	Business Type :	Select Business Type <input type="button" value="v"/> *
Primary NAICS Code :	Click on the blue title *	Employee Work Location :	Select Work Location <input type="button" value="v"/> *
No. Of Employees :	<input type="text"/> *	City :	<input type="text"/> *
Street Address :	<input type="text"/> *	Zip Code:	<input type="text"/> *
State :	California	Phone :	<input type="text"/>
Fax :	<input type="text"/>		

Reset Next >>

Online Vouchering System: Application Submission

Select Business	Enter application Submission Details	Enter Employee Data	Application Review	Receive Invoice Select Payment	Receive Confirmation
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Enter Voucher Submission Details

*Mandatory Fields

Select Business and Location

Business Name : *

Location Name : *

Business Information	Location Information
Business ID : BI000188 Business name : TestCo Contact Job Title : Controller Address : 100 Main Street City : Oakland State : California Zip : 94611 Phone : (501) 258-3256	Location ID : 188-999-746 Location name : Store123 Street Name : 100 Main Street City : Oakland Zip : 94611 Phone : (501) 258-3256

Select priority of processing the applications :
 Standard 60 day Processing @ \$75 per application
 30 Day Expedite @ \$95 per application
 15 Day Expedite @ \$115 per application

Select the method you would like to use for application submission :
 Fill in form
 Multiple Employee Upload

Number of Applications : *

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Important Contact Information and Resources

Tax Return Assistance: Please call the Franchise Tax Board HOTLINE @ (916) 845-3464 for any question regarding tax return preparation or tax calculations
www.ftb.ca.gov

EZ Program Information: California Department of Housing and Community Development www.hcd.ca.gov/fa/cdbg/ez/

Susana Villarreal

Enterprise Zone Coordinator, City of Oakland
CEDA/ED/Business Development Services
250 Frank H. Ogawa Plaza, Suite 3315
Oakland, CA 94612
510-238-7794 (Phone)
510-238-2230 (Fax)
www.OaklandWIB.org
svillarreal@oaklandnet.com

Darren Labrie, CPA

Corporate Tax Incentives
10860 Gold Center Drive, Suite 255
Rancho Cordova CA 95670
916-501-2592 (Phone)
916-720-0603 (Fax)
www.ctillc.com
dlabrie@ctillc.com



**Do You Have
Any Questions?**
We would be happy to help.