The City of La Mirada

Business Resources and Incentives Guide

January 2019

La Mirada Economic Development Team
(562) 943-0131
www.cityoflamirada.org

STAPLES
FULFILLMENT CENTER

the Habit
BURGER GRILL

LIVING SPACES
PAUL'S TV
& APPLIANCES

STARBUCKS
COFFEE
Panera BREAD

UFC GYM

The City of La Mirada's Economic Development Team is committed to working with local businesses and developers to grow the economy. The City has prepared this Resources and Incentives Guide to assist businesses seeking assistance. For questions or comments, contact the City's Economic Development Team at (562) 943-0131 or **econdev@cityoflamirada.org**.

LOCAL INCENTIVES

1. Community Development Commission of the County of Los Angeles

The Community Development Commission offers several loan programs for businesses located in Los Angeles County. Loans are available for construction, equipment, working capital, technology, and utilities. Additionally, the County Business Expansion Loan Program (CBELP) provides financial assistance to small and medium sized businesses to create and expand permanent job opportunities and promote economic development in the County.

Community Development Commission of the County of Los Angeles
Economic Development Programs & Business Loans Division
www.lacdc.org

Contact: Iris Alvarado, Loan Administrator
PH: (626) 586-1795
Email: **iris.alvarado@lacdc.org**

Contact: Rodolfo Quiroz, Loan Officer
PH: (626) 586-1820
Email: **rodolfo.quiroz@lacdc.org**

The Community Development Commission also offers a Business Technology Center (BTC) that assists start-up and early-stage technology firms grow and prosper. The BTC operates from a 40,000-square-foot facility in Altadena, located in the San Gabriel Valley. Just minutes from Caltech and the Jet Propulsion Laboratory, the BTC helps cutting edge companies grow from "great ideas" into thriving businesses.

The BTC is dedicated to the development of high technology firms through business management assistance, technical assistance, and the coordination of available financial resources. Upon acceptance into the BTC, the staff works with the CEO to set realistic goals and objectives. Mentors will assist the principals in finding the resources to meet designated benchmarks. The realization of these goals and objectives is a vital part of the mission of the Business Technology Center. Visit **btc.lacdc.org** for more information.

2. Southern California Edison (SCE)

Free On-site Business Energy Audits

SCE representatives can conduct energy audits at your place of business. After making an appointment, an SCE representative will conduct a walk-through of your business and provide useful tips on how you can save energy and ultimately save money on your monthly bill.

Southern California Edison
www.sce.com

Contact: Georgina Escamilla, Project Manager
SCE Energy Efficiency Outreach Team
PH: (626) 633-3299
Email: **Georgina.Escamilla@sce.com**

SCE also offers ***On-Bill Financing*** for energy efficiency projects. On-Bill Financing allows SCE business customers to finance qualified energy efficiency projects interest-free. Loan repayment is through your monthly SCE bill. For more information visit **www.sce.com/onbill.**

3. South Coast Air Quality Management District (SCAQMD)

One of SCAQMD's roles is to encourage the immediate use of commercially available, low-emission mobile and stationary technologies. A variety of financial incentives, which include grants for incremental funding, subsidies, or vouchers, are designed to promote voluntary introduction of new technologies on an accelerated schedule. These incentives also provide manufacturers with justification to prepare for mass production of cleaner technologies.
Visit **http://www.aqmd.gov/home/programs/business/business-detail?title=vehicle-engine-upgrades** for more information.

4. WorkSource Center at SASSFA

The WorkSource Center at SASSFA provides employee recruitment services, layoff prevention and assistance, on-the-job training and other business services. Contact SASSFA if you are in need of hiring new employees, reducing your workforce or considering providing training to existing employees.

WorkSource Center at SASSFA
www.sassfa.org
Contact: Arthur Monreal, Supervisor – Business Services
PH: (562) 946-2237, Ext. 270
Email: **amonreal@sassfa.org**

5. The Los Angeles Economic Development Corporation (LAEDC)

The LAEDC, the region's premier economic development leadership organization, is a private, non-profit organization established in 1981. Its mission is to attract, retain, and grow business and jobs for the region of Los Angeles County. The LAEDC provides a variety of programs to help businesses succeed in Los Angeles County.

Business Assistance Department

The LAEDC's Business Assistance Department helps expanding businesses take full advantage of all that Los Angeles has to offer. Through a broad-based coalition of chambers of commerce, trade organizations, business associations, and government officials, its team of economic-development professionals offer confidential, free-of-charge information. This information and assistance is offered to decision-makers and consultants representing both large and small, domestic and international businesses in all industry sectors. The services include help with permitting, incentives, workforce development, and financing assistance, as well as project management and connections to public/private resources, cities and regional EDCs. Regional managers cover specific regions of the county and are available to provide assistance to existing businesses or new businesses that fall within their geographic region. Business assistance coordinators provide macro L.A. County demographic, economic and real-estate information as well as customized site searches. In addition, business services coordinators can assist with basic information and referrals to area service providers. Visit **http://laedc.org/our-services/business-assistance-layoff-aversion/** for more information.

Contact: Joseph Torres
Director
LAEDC
444 S. Flower Street, 37th Floor
Los Angeles, CA 90071
Email: **joseph.torres@laedc.org**

Lay Off Aversion

The LAEDC's Business Assistance team helps businesses find solutions and provides alternatives to layoffs. The team provides confidential consulting for businesses, at no cost, and with no obligation, performed as part of LAEDC's non-profit, public-benefit mission. Visit **http://laedc.org/help/** for more information.

Business Incentives

Los Angeles County has a variety of incentive programs available to both small and large businesses. Visit **http://laedc.org/chooselacounty/business-incentives/** for more information.

6. Small Business Development Center (SBDC)

The SBDC has been hosted by Long Beach City College since 2006. The SBDC helps small business owners succeed with low cost trainings and no-cost one-on-one advising from experienced entrepreneurs and industry experts. To learn more about the SBDC's services, visit **www.longbeachsbdc.org.**

7. S.C.O.R.E. (Southern California Organization of Retired Executives)

SCORE
www.scorela.org
PH: (951) 652-4390

SCORE is a nationwide non-profit organization dedicated to the formation, growth and success of small business. SCORE is also a resource partner with the U.S. Small Business Administration (SBA).

CALIFORNIA INCENTIVES

8. CALIFORNIA MANUFACTURING TECHNOLOGY CONSULTING (CMTC)

The CMTC is a non-profit consulting company that works with small to medium manufacturers in Southern California. With over 25 years of experience, CMTC helps to implement solutions for manufacturing process improvements and general business strategies to improve efficiency and save money.

CMTC
www.cmtc.com
PH: (310) 263-3060

9. CALIFORNIA RESEARCH & DEVELOPMENT TAX CREDIT

The California research and development tax credit (FTB Form 3523) reduces income or franchise tax. You may qualify for the credit if you paid or incurred qualified research expenses while conducting qualified research activity in California.

You may receive 15 percent of the excess of current year research expenditures over a computed base amount (minimum of 50 percent of current year research expenses) or a 24 percent credit for basic research payments to third party organizations. You may claim the credit on the return for the taxable year you incurred the qualified expenses. Qualified research expenses include wages, supplies and contract research costs.

To qualify, the research must be conducted within California and include basic or applied research of scientific inquiry, original investigation for the advancement of scientific or engineering knowledge or improved function of a business component. California has several exceptions to the federal law that can affect your computations for the credit. For more specific information, please review the *Franchise Tax Board's Frequently Asked Questions at* **www.ftb.ca.gov/forms/misc/1082.pdf.**

10. CALIFORNIA NET OPERATING LOSS CARRYOVER

California tax law allows businesses that experience a loss for the year to carry this loss forward to the next year in order to offset income in the following years. New businesses can carry over 100 percent of their losses for 20 years if the loss is in their first year of operation. For more information on the Net Operating Loss Carryover, go to **https://www.ftb.ca.gov/forms/2014/14_3805vins.pdf.**

11. Governor's Office of Business and Economic Development (GO-Biz) California Business Investment Services

The California Business Investment Services (CalBIS) Unit is comprised of a team of business development experts and specialists with in-depth insight into available resources, ongoing initiatives, and government programs that provide direct technical and financial assistance to companies that are interested in either locating or expanding in California.

Below are some of the incentive programs that the State of California offers:

California Competes Tax Credit

The California Competes Tax Credit is an income tax credit available to businesses that want to come to California or stay and grow in California. Tax credit agreements will be negotiated by GO-Biz and approved by the "California Competes Tax Credit Committee."

(Partial) Sales And Use Tax Exemption

A partial exemption of sales and use tax on certain manufacturing, biotechnology and research and development equipment purchases. The partial exemption applies only to the state sales and use tax rate portion, currently at 4.1875 percent. The exemption does not apply to any local, city, county, or district tax.

(Full) Sales and Use Tax Exclusion – Advanced Manufacturing & Transportation and Alternative Energy

A sales tax exclusion from both state and local sales tax collection on equipment purchases for qualifying businesses that conduct qualifying activities. Sales tax rates vary by jurisdiction (typically 7% to 10%).

New Employment Hiring Tax Credit (NEC)

The New Employment Credit (NEC) is available for each taxable year beginning on or after January 1, 2014, and before January 1, 2021, to a qualified taxpayer that hires a qualified full-time employee on or after January 1, 2014, and pays or incurs qualified wages attributable to work performed by the qualified full-time employee in a designated census tract or economic development area, and that receives a tentative credit reservation for that qualified full-time employee.

Employment Training Panel

A cash reimbursement for training cost incurred by employers set by a pre-determined two-year performance based contract. Contracts vary based on number of employees enrolled, hours of training, training material and employee wages.

Industrial Development Bond (IDB)

IDB financing is a competitive financing option available for the acquisition of manufacturing facilities and equipment providing a financing option for manufacturers to access private capital markets at tax-exempt rates.

California Small Business Loan Guarantee Program (SBLGP)

The SBLGP assists businesses with the creation and retention of jobs while encouraging investment into low to moderate-income communities. The SBLGP enables small businesses to obtain a loan it could not otherwise obtain and helps to establish a favorable credit history with a lender so the business may obtain loans in the future on its own without the assistance of the program.

California Capital Access with Collateral Support (CalCAP - CS)

CalCAP CS pledges cash to cover the collateral shortfall of loans of $100,000 or more. CalCAP CS provides up to 40% of the loan value, with the possibility of an additional 10% for businesses located in a Severely Affected Community. Small business lenders loaning to businesses classified as a small business under U.S. Small Business Administration guidelines and that have fewer than 500 FTEs. The borrower's primary business and at least 51% of its employees or business income, sales or payroll must be in California. The business activity resulting from the bank's loan must be created and retained in California.

Pollution Control Tax-Exempt Bond Financing Program

Private activity tax-exempt bond financing to California businesses for the acquisition, construction, or installation of qualified pollution control, waste disposal, waste recovery facilities, and the acquisition and installation of new equipment.

California Capital Access Program

The California Capital Access Program (CalCAP) encourages participating banks and lending institutions to provide loans to small businesses that fall outside of conventional underwriting standards. Small business owners that have difficulty in obtaining conventional financing may qualify for a CalCAP loan through any CalCAP lender.

California Film & Television Tax Credit Program

The California Film Commission offers a tax credit incentive program to qualified motion pictures. $100 million has been allocated annually beginning in fiscal year 2009-2010 through 2016-2017. The Program allows a 20% tax credit for qualified production related expenses to a taxpayer against State income taxes.
Visit **www.film.ca.gov/tax-credit/other-ca-film-incentives/** for more information.

12. CALIFORNIA SALES & USE TAX EXEMPTIONS FOR CLEAN TECH MANUFACTURING

SB 71 was passed to allow California to maintain a competitive edge in the clean technology industry by expanding the range of projects which may be approved for a sales tax exemption to include all clean-tech manufacturers. Previously, the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) could provide a sales tax exemption for the purchase of new manufacturing equipment for zero-emission vehicles (ZEV); under SB 71 they are now able to provide an exemption for all clean-tech manufacturers.

Businesses must first apply for the tax exemption through CAEATFA which will then send project approval in the form of a letter authorizing the CAEATFA Executive Director to enter into a contract with the participating business. The participating business will issue an exemption certificate (provided by CAEATFA) to the vendor at the time of purchase. This certificate will state that the business party is exempt from paying taxes on the equipment at the time of purchase.

Once the participating party purchases the project equipment from its vendors, the Conveyance/Reconveyance contract takes over. Under the contract, the participating business will convey title to CAEATFA along with a list of equipment purchased, and CAEATFA will convey it back to the participating business. The business party is not allowed to use the equipment until it receives the reconveyed title from CAEATFA. The Board of Equalization (BOE) oversees state sales and use tax issues and would be consulted in the process. For more information visit **http://www.treasurer.ca.gov/caeatfa.**

13. CALIFORNIA SALES AND USE TAX EXCLUSION FOR ADVANCED MANUFACTURING PROJECTS

In addition to SB 71, the CAEATFA - STE Program was expanded by Senate Bill 1128 in 2012 to provide a sales and use tax exclusion for advanced manufacturers and manufacturers of alternative source and advanced transportation products, components or systems to advanced manufacturing projects. The goal of the program is to continue to promote California-based manufacturing, California-based jobs, the reduction of greenhouse gases, or the reduction in air and water pollution or energy consumption. Visit **http://www.treasurer.ca.gov/caeatfa/ste/index.asp** for more information.

14. CALIFORNIA INDUSTRIAL DEVELOPMENT BONDS

Congress created tax-exempt Industrial Development Bond (IDB) financing to promote investment in land, buildings and new equipment associated with domestic manufacturing and processing operations. IDB financing is a competitive financing option available for the acquisition of manufacturing facilities and equipment providing a financing option for manufacturers to access private capital markets at tax-exempt rates. The benefits of IDB financing include interest rates generally 20-30% lower than conventional financing. Historically, interest rates have been about 2% below prime and recently have been below 1%.

Bonds can be issued over longer terms (30 years) than conventional financing at fixed or variable rates and can be prepaid at any time without penalty. The bonds are assumable if the business is sold to an entity engaged in a qualified use. Funds can be used for construction and take-out financing for land, buildings and equipment. Certain federal and state regulations may apply. The IDB financed project must be a facility used for the manufacturing, production or processing of tangible property. At least 95% of bond proceeds must be spent on qualifying costs (generally includes land, building, equipment as well as capitalized interest during construction). Bond proceeds cannot be used for working capital or inventory.

The project must meet certain public benefit criteria established by the California Debt Limit Allocation Committee (CDLAC), which among other things, includes the creation or retention of jobs. Prevailing wage must be paid to workers involved in the construction or renovation. Certain limited fees may apply. For information, visit **www.ibank.ca.gov/industrial-developmet-bond-financing/**

15. CALIFORNIA EMPLOYMENT TRAINING PANEL

The Employment Training Panel (ETP) assists employer efforts to effectively train workers and maintain skilled workforces capable of responding to changing business and industry needs. ETP-funded training works because employers make decisions about their own training programs; training

investments help companies become more profitable; and performance-based contracting ensures success. A company may be eligible for a contract with ETP to assist with post-hire training reimbursement. If the proposed training qualifies and meets ETP's eligibility criteria, then a contract will be developed.

ETP job training funds are available to all California manufacturing companies, companies that face out-of-state competition and businesses that are expanding or relocating to California from other states or countries.

In addition to the manufacturing industry, and California's small business employers, the Panel also prioritizes:

- If the individual works at least 120 hours, the employer may claim a tax
- Nanotechnology
- Biotechnology and Life Sciences
- Goods Movement and Transportation Logistics
- Aerospace and Defense
- Advanced Technology Information Services
- Multimedia/Entertainment
- Healthcare
- Construction
- Agriculture
- Renewables

For more information regarding ETP, visit their website at **www.etp.ca.gov.**

16. California Department of General Services Procurement Division (DGS-PD)

The DGS-PD strives to make doing business with the state easier. The DGS-PD's contractor for its procurement system, Bidsync, provides one location to advertise procurement opportunities and to get certified as a California small or disabled veteran Business Enterprise supporter. For more information on how to do business with the State of California to be state certified visit **www.dgs.ca.gov/pd/programs/osds/getcertified.**

FEDERAL INCENTIVES

17. IRS CREDIT FOR INCREASING RESEARCH ACTIVITIES

The federal credit for increasing research activities is a nonrefundable federal tax credit implemented in 1981 as an incentive for businesses and other entities to increase their research and development activities. Individuals, estates, trusts, organizations, partnerships and corporations are all eligible to claim the credit using IRS Form 6765, Credit for Increasing Research Activities.

Only certain types of research expenditures are eligible for the credit; these are called "qualified research expenses." Qualified research expenses discover technological information that improves an item's performance or functionality, as opposed to its superficial characteristics. To be eligible for the credit, companies must increase their research spending from one tax year to the next (with a few exceptions, such as energy research). Research

in the social sciences, arts and humanities is not eligible for the credit. For more information, visit **http://www.irs.gov/publications/p334/ch04.html#en_US_2014_publink1000313315.**

18. IRS WORK OPPORTUNITY TAX CREDIT (WOTC)

WOTC is a federal tax credit available to employers who hire and retain veterans and individuals from target groups with significant barriers to employment. An employer may qualify for a tax credit of up to $9,000 if the employee is a member of a designated target group and meets that group's specific requirements. There is no limit on the number of individuals an employer can hire to qualify to claim the tax credit.

The tax credit employers can claim depends on the target group of the individual hired, the wages paid to that individual in the first year of employment, and the number of hours that individual worked. There is also a maximum tax credit that can be earned.

- If the individual works at least 120 hours, the employer may claim a tax credit equal to 25% of the individual's first year wages, up to the maximum tax credit.
- If the individual works at least 400 hours, the employer may claim a tax credit equal to 40% of the individual's first year wages, up to the maximum tax credit.

Only for the Long-term Temporary Assistance for Needy Families (TANF) target group, the credit is available to employers who hire members of this group for a two-year period.

- If the individual works at least 120 hours in the first year, the employer may claim a tax credit equal to 40% of first year wages, up to the maximum tax credit.
- If the individual works at least 400 hours in the second year, the employer may claim a tax credit equal to 50% of second year wages, up to the maximum tax credit.

Visit **www.edd.ca.gov/jobs_and_training/WOTC_Employer_Guide.htm** for more information and instructions on how to apply for the tax credit.

19. IRS CURRENT-YEAR DEDUCTION OF RESEARCH & DEVELOPMENT EXPENDITURES

The expenditures of IRS Code Section 41, Research and Development ("R&D"), are reasonable costs you incur in your trade or business for activities intended to provide information to help eliminate uncertainty about the development or improvement of a product. Uncertainty exists if the information available to you does not establish how to develop or improve a product or the appropriate design of a product.

Whether expenditures qualify as R&D expenditures depends on the nature of

the activity to which the expenditures relate. Neither the nature of the product (or improvement) being developed, nor the level of technological advancement matters when making this determination.
R&D expenditures generally include all expenditures incident to the development or improvement of a product. R&D expenditures include the expenditures of obtaining a patent, such as attorney's fees expended in making and perfecting a patent application.

Product

The term "product" includes any of the following:

- Formula
- Invention
- Patent
- Pilot model
- Process
- Technique
- Similar property

Expenditures Not Included

R&D expenditures do not include expenditures for any of the following:

- Quality control testing
- Advertising or promotions
- Consumer surveys
- Efficiency surveys
- Management studies
- Research in connection with literary, historical, or similar projects
- The acquisition of another's patent, model, production, or process

When & How To Choose

Generally, you can only make the choice to deduct R&D expenditures in the first year you incur such expenditures. You choose to deduct R&D expenditures, rather than capitalizing them, by deducting them on your tax return for the year you first have R&D expenditures. If you fail to choose the method for the first taxable year in which you incur such expenditures, you cannot do so in the subsequent taxable years unless you obtain the consent of the Commissioner.

Information on Research and Experimental costs is included in IRS Publication 535, Business Expenses, **http://www.irs.gov/pub/irs-pdf/p535.pdf.**

20. SBA 504 LOANS

The Small Business Administration (SBA) 504 loans provide financing for major fixed assets such as equipment or real estate and are marketed, processed closed and serviced by Certified Development Corporations (CDC). Through the SBA 504 program, CDCs provide up to 90% of fixed asset financing costs. The second mortgage, long-term, fixed-rate financing nature of the program allows banks to participate in business expansion by reducing risk exposure. The benefit to the borrower is a lower down payment requirement (10%) and a longer-term, fixed-rate loan, which translates into reduced monthly payments. The maximum SBA debenture is $1,500,000 when meeting the job creation

criteria or a community development goal. Generally, a business must create or retain one job for every $50,000 provided by the SBA except for "Small Manufacturers" which have a $100,000 job creation or retention goal. Individual job goals can be somewhat flexible if the CDC's overall portfolio meets the requirements. At that point, community impact and public policy goals can be mitigating factors. Eligible 504 loan uses include the purchase of land, existing buildings, new construction, and the acquisition of machinery and equipment with a 10-year useful life. The private sector participant finances 50% of the project cost and takes a first lien on assets pledged as collateral.

The SBA takes a second lien on assets and finances up to 40% of the project cost, up to $1 million in some cases. Borrowers inject 10% in the form of cash or equity in real estate. For more information on SBA 504 loans, call the California Statewide Certified Development Corporation toll free at (800) 348-6258 or visit **www.sba.gov/document/sba-form-1244-application-section-504-loan.**

To find the closest SBA Certified Development Company, visit **www.sba.gov/tools/local-assistance/map/state/CA.**

DISCLAIMER

This packet was produced by the City of La Mirada Economic Development Team. Nothing contained in this packet should be construed as legal advice. Instead, this packet was created to provide information regarding possible business resources and incentives for local business. While every effort was made to ensure accuracy, facts and circumstances vary from business to business; therefore, it is the responsibility of the business to conduct further research and consult a tax professional for specifics and details regarding any of the enclosed business incentives or programs. The City of La Mirada does not take responsibility for any errors and potential omissions in this packet.

SHABUYA
15028
ALL YOU CAN EAT
SHABUYA
SHABUYA

DRIVE THRU

PEPPLOBY

U.S. FOODSERVICE

THE HOME DEPOT

STATER BROS

Marshalls

CITY OF LA MIRADA
1960
STATE OF CALIFORNIA