

**Economic Development Department**  
2600 Fresno Street  
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## **Governor's Economic Development Initiative (GEDI)** **Summary of Benefits**

### **New Employment Credit**

- Administered by the Franchise Tax Board (FTB)
- Applies to businesses located in "Designated Geographic Areas" (DGA)
- Employer must show net increase in jobs. Credit applies to new full-time jobs only.
- 35% Credit applies to wages between 150% - 350% of minimum wage (currently \$18 - \$42/hour for 25 employees or less and \$19.50 - \$45.50/hour for 26 employees or more)
- Qualified employees are those who fit into one of the following five categories: unemployed a minimum of six months (one year for recent college grads), veterans w/in one year of separation, Earned Income Tax Credit (EITC) recipients, ex-felon, or CalWorks/general assistance recipients
- Employer must obtain a "Tentative Credit Reservation" (TCR) within 30 days of hire
- Excluded businesses: temp agencies, alcoholic beverage service businesses, retail, food service, casinos, casino hotels and sexually-oriented businesses....etc. cannot qualify unless gross receipts are \$2 million/year or less. **\*\*Sexually-oriented businesses cannot qualify regardless of size\*\***
- Additional information can be found here:  
<https://www.ftb.ca.gov/file/business/credits/new-employment-credit/index.html>

### **Sales & Use Tax Exemption for Manufacturing and R&D**

- Administered by California Department of Tax and Fee Administration (CDTFA)
- Statewide program
- 4.19% sales & use tax exemption on qualified purchases
- Currently applies to NAICS Codes 22111 through 221118, 221122, 311100 through 339999, 541711 and 541712
- \$200 million per calendar year in exempt purchases per business
- Applies to manufacturing equipment: including food processing, manufacturing R&D, biotech manufacturing, as well as biotech R&D, electric power generation or production, electric power storage and distribution facilities, and related tenant improvements
- To determine eligibility: company must register on CDTFA website and print eligibility document. This document must be shown when making qualified purchases
- Additional information can be found here:  
<https://www.cdtfa.ca.gov/industry/manufacturing-exemptions.htm>

### **California Competes Tax Credit**

- Administered by the Governor's Office of Business & Economic Development (GO-Biz)
- Flexible Income Tax Credit negotiated between GO-Biz and businesses who are looking to move to, or stay and grow, in California
- Three applications periods per fiscal year
- Credit amount depends on several factors including: number of jobs created/retained; strategic importance to the state, region or locality; amount of investment; wages paid to employees; opportunity for future growth and expansion; extent of unemployment and poverty in site location; economic impact; and duration of the proposed project/applicant's commitment to remain in California
- Open to businesses of all sizes
- No single business will receive more than 20% of total amount available
- Competitive online application process
- No fee to apply
- May carry forward for up to 6 years
- To apply, or for additional information, visit:  
<http://business.ca.gov/Programs/CaliforniaCompetesTaxCredit>