



Notice of Funding Opportunity

Title: Governor's Office of Business and Economic Development (GO-Biz) – California Competes Tax Credit

Website: <https://business.ca.gov/california-competes-tax-credit/>

Funding: Total: \$394,707,469. Maximum awards: \$20K-\$150M, depending on application period.

Dates: Webinars: July 28, 2021 9:30AM; August 5, 2021 4PM; August 10, 2021 11AM
Application Period Timeline: July 26, 2021 – August 16, 2021

Summary: The California Competes Tax Credit (CCTC) is an income tax credit available to businesses that want to locate in California or stay and grow in California and create quality, full-time jobs in California that might not otherwise be created by the business or any other business. Tax credit agreements will be negotiated by GO-Biz and approved by a statutorily created "California Competes Tax Credit Committee," consisting of the State Treasurer, the Director of the Department of Finance, the Director of GO-Biz, and one appointee each by the Speaker of the Assembly and Senate Committee on Rules.

Project Topic Areas:

Award of the credit will be based on the following factors:

- The number of jobs the business will create or retain in this state.
- The compensation paid or proposed to be paid by the business to its employees, including wages, benefits, and fringe benefits.
- The amount of investment in this state by the business.
- The extent of unemployment or poverty where the business is located.
- The incentives available to the business in this state, including incentives from the state, local government, and other entities.
- The incentives available to the business in other states.
- The duration of the business' proposed project and the duration the business commits to remain in this state.
- The overall economic impact in this state of the applicant's project or business.
- The strategic importance of the business to the state, region, or locality.
- The opportunity for future growth and expansion in this state by the business.
- The training opportunities provided to employees.
- The extent to which the anticipated benefit to the state exceeds the projected benefit to the business from the tax credit.
- The extent to which the credit will influence the applicant's ability, willingness, or both, to create new full-time jobs in this state that might not otherwise be created in the state by the applicant or any other business in California.

Funding:

A total of \$394,707,469 in California Competes Tax Credit is available for allocation in the 2021-2022 fiscal year. The tentative amount of credits that can be allocated by GO-Biz is as follows: \$180 million in each fiscal year 2018-19 through 2022-23. The minimum amount a business can request is \$20,000. The California Competes Tax Credit only applies to income tax owed to the Franchise Tax Board. The credit is non-refundable. If the credit allowed exceeds the tax due, the excess may be carried over to reduce the tax in the following year, and the succeeding five years if necessary, until exhausted.

Fiscal Year 2021-2022		
July 26, 2021 – August 16, 2021	January 3, 2022 – January 24, 2022	March 7, 2022 – March 28, 2022
\$150 million available	\$140 million available	\$104.7 million plus any unallocated remaining amounts

Project Requirements:

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GO-Biz is required by statute to consider the extent to which the credit will influence the business's ability, willingness, or both, to create jobs in this state that might not otherwise be created in the state by the taxpayer or any other taxpayer. The Phase I evaluation is a quantitative analysis in which the credit amount requested is compared to the hiring and investment commitments of each applicant. This "ratio" is automatically calculated based on the applicant's credit request divided by the sum of its aggregate investment and aggregate employee compensation. Phase II brings into consideration a variety of quantitative and qualitative factors, including local unemployment and poverty, competing incentives, economic impact, strategic importance, industry outlook, and the extent to which the applicant demonstrates that the credit will play a significant role in its decision or ability to create new, quality, full-time jobs in California. GO-Biz may automatically move an application to Phase II, regardless of cost-benefit ratio if the applicant certifies that: a. absent award of the credit, the applicant's project may/will occur in another state, or the applicant may/will terminate or relocate all or a portion of its employees to another state; or b. at least 75% of the applicant's net increase of new full time employees work at least 75% of the time in an area of high unemployment or high poverty.

Businesses that apply for the tax credit are not required to have an existing signed lease or purchase agreement; but applicants should have an idea of the general location in California because this will be taken into account during the Phase II evaluation. The applicant should also be able to demonstrate the finance mechanism(s) it has secured or will use to secure its facility(ies). A business should request the amount of credit that it needs to be able to commit to implementing its proposed project. In the Proposed Project narrative, you should explain not only why your business "needs" a credit, but specifically how the amount of credit you are requesting will enable or incentivize your business to create new full-time jobs that might not otherwise exist in California.

The process takes approximately 90 days which includes the period when applications will be reviewed and presented to the California Competes Tax Credit Committee for approval. Applicants not awarded a credit during an application period can update and resubmit their application in a subsequent application period. Businesses are not limited to the number of times they can apply or the number of times they can be awarded tax credits for additional full-time job growth and investments. There is no minimum number of jobs that must be created. However, the credit will be awarded on a competitive basis. Applicants should keep in mind that the primary goal of the California Competes Tax Credit program is to stimulate the creation of high-quality full-time jobs. New part-time employees do not qualify and will not be counted towards the employment requirement, even partially. Each negotiated and approved tax credit agreement will specify the terms and conditions of when the tax credit may be claimed. Applicants must use actual numbers from the payroll records for the most recently completed tax year for its full-time employees that worked a full or partial year. It will also be helpful to have a 5-year business plan that includes projected number of new full-time employees, their job classifications, wages, and projected new investments.

Eligible Applicants:

Any business of any size can apply for the California Competes Tax Credit. The credit is available statewide to all industries and there is no fee to apply for the credit. However, while there are no geographic or sector-specific restrictions, the purpose of the California Competes Tax Credit is to attract and retain high-value employers in California in industries with high economic multipliers and that provide their employees good wages and benefits.