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the Golden State to persuade businesses to move to Texas, California is fighting back with financially focused programs to keep and attract companies.

Mar. 26, 2014



After enduring several rounds of Texas Governor Rick Perry's radio ads and visits to the Golden State to persuade businesses to move to Texas, California is fighting back with financially focused programs to keep and attract companies.

Representatives from the Governor's Office of Business and Economic Development outlined highlights of one leg of a three-part strategy called the Governor's Economic Development Initiative at Ventura City Hall on Monday.

“We're tired of hearing the governor of Texas stealing away our businesses,” said

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but with balance,” Jackson told an audience of business owners and economic development officials.

Grace Arupo Rodriguez, deputy director of legal affairs for the agency, sketched out the tax credit program, which is funded by \$30 million in the fiscal year ending June 30, with more money “tentatively” allocated until 2018.

“It is tentative depending on how used the program is,” Rodriguez said.

While the tax credit program is designed for companies of all sizes, 25 percent of the annual funds must go to businesses with gross receipts of less than \$2 million, Rodriguez said.

Each year, businesses may apply for the tax credit three or four times, said William Koch, deputy director of legislative affairs for the economic development agency. If a company fails to secure the tax credit in one of those periods, its application stays active for the full fiscal year.

Although the agency did not call the program competitive, businesses will be compared to one another but based on size to keep it more fair, agency representatives said.

Rodriguez and Koch walked the audience through each section of the application process.

Businesses must describe their operations, tax structure, any involvement in litigation and other factors. They also must calculate the size of their full-time workforce and number of full-time employees they expect to hire under an expansion, based on a provided calculator and work sheet.

“We want to ascertain the quality of the jobs,” Koch said. Companies in industries

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“This almost requires a business plan specific to these matrices,” Carrigan said, referring to the 11 factors. He also thought he would need a consultant to handle the application because of its complexity.

Complexity also was also a concern for Larry Willett, leader of the Ventura Score chapter. The tax credit should be pretty well-received, he said, “as long as it is simple enough” for a small business.

The names of the recipients and the tax credit they receive will be made available to the public, Rodriguez and Koch said.

“This is quite a huge moment,” said Bruce Stenslie, president and CEO of the Economic Development Collaborative-Ventura County. But it is not for all businesses, he added.

Rodriguez briefly outlined the other two portions of the Governor's Economic Development Initiative. One is a tax credit for hiring, administered by Franchise Tax Board. The second, the Manufacturing Equipment Sales and Use Tax Exemption, removes the state's tax on taxed equipment purchases.

Business consultant Gary Wartik, of Camarillo, agreed the tax credit is geared to companies hiring full-time employees.

“California needs full-time, regular employment,” he said.

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Economic Initiative

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