

Santa Clarita Valley

INCENTIVES & RESOURCES GUIDE



SANTA CLARITA VALLEY
ECONOMIC DEVELOPMENT CORPORATION

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Santa Clarita Valley Overview

SANTA CLARITA VALLEY

From special events to everyday experiences that make for the perfect work-life balance, the Santa Clarita Valley – 3rd largest city in Los Angeles County, CA and home to nearly 300 thousand residents – boasts top-tier education, beautiful new home developments, a dynamic business community and a positive, lively culture for people of all ages to enjoy!

SANTA CLARITA VALLEY
ECONOMIC DEVELOPMENT CORPORATION



Best City to Live

Healthiest City

Safest City

Most Business-Friendly City

Los Angeles County's
FASTEST
growing community

4

William S. Hart Union School District high schools made U.S. News and World Report's list of 2017 Best High Schools.



West Ranch
High School



Hart
High School



Golden Valley High School
Diversity is our Strength. Unity is our Goal.



Academy
Of The Canyons



The National Council for Home Security and Safety ranks SCV as the 3rd safest city in the U.S. with a population of 200,000+.

Henry Mayo Newhall Hospital named the Most Wired Hospital for the 5th consecutive year by the American Hospital Association (AHA).



80 MILES



of hiking/biking trails

30 MILES



of pedestrian paseos

4,000 ACRES



of protected open space

280 DAYS



of sunshine with avg. daily temperatures in the 70s and 80s



30 miles from
Downtown Los Angeles



Short drive to LAX,
Burbank Airport, and the ports



Located along I-5 and close
to I-405, I-210, and I-10



Over 50 institutions of
higher learning within 30 miles

Contact us today at scvedc.org to learn more!

Advantages of Locating in the Santa Clarita Valley

The Santa Clarita Valley is known for being business friendly; its varied businesses have chosen to locate here because of numerous economic and cost advantages.

Low tax region

- NO business licensing tax, NO utility user tax, NO city tax on commercial property, NO gross receipts tax, NO parking tax, and NO payroll tax in the City of Santa Clarita. This simple difference in tax structure between the Santa Clarita Valley and the surrounding areas find Santa Clarita to be a lower cost alternative in which to do business than other cities.

The table below compares the taxes and fees associated with doing business in a select few Southern California cities.

Cost Comparison Chart					
	 Santa Clarita	Los Angeles	Palmdale	Pasadena	San Fernando
Overall Cost Rating	\$\$	\$\$\$\$\$	\$\$	\$\$\$\$\$	\$\$\$\$\$
Business Taxes	None	Gross Receipts	Gross Receipts + # EMPL	# EMPL	Gross Receipts
Utility User Tax Rates	None	Yes	None	Yes	None
Other Taxes & Fees	\$\$	\$\$\$\$\$	\$\$	\$\$	\$



Santa Clarita Valley Business Incentives

The SCVEDC is your primary point of contact to access local, state, and federal incentives. Our team will help you navigate the regulatory and administrative hurdles to apply to all available programs. Below is a summary of each incentive program.

California Partial Sales Tax Exemption for Manufacturing and R&D Equipment

A tax exemption reduces the amount of tax paid at the time of purchase. This program exempts qualified SCV companies from paying the state sales tax portion of 3.9375%, reducing your total sales tax rate from 9.5% to 5.5625% on qualified property purchases.

For more information, please visit: <https://www.cdtfa.ca.gov/industry/manufacturing-exemptions.htm>

SCV manufacturers will use CDTFA Form 230-M (<https://www.cdtfa.ca.gov/formspubs/cdtfa230m.pdf>) when working with retailers and vendors to document the sales tax exemption.

California Partial Sales Tax Exemption for Construction and Tenant Improvements

Businesses engaged in manufacturing or R&D may also take a partial sales tax exemption when doing tenant or infrastructure improvements where the resulting improvement to real property is an integral part of the manufacturing, research process, or storage facility for use in connection with manufacturing processes. Firms will be charged the reduced sales tax rate of 5.5625% at the time of purchase.

SCV manufacturers will use CDTFA FORM 230-MC (<https://www.cdtfa.ca.gov/formspubs/cdtfa230mc.pdf>) when working with contractors or construction personnel to document the sales tax exemption.

For more information, please visit: <https://www.cdtfa.ca.gov/industry/manufacturing-exemptions.htm>

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*. This tax credit is a negotiated credit, meaning the state, economic developers and private sector businesses will submit an application that critiques the costs and benefits of each business expansion. Specifically, tax credit agreements will be negotiated by GO-Biz and approved by the California Competes Tax Credit Committee, consisting of the State Treasurer, the Director of the Department of Finance, the Director of GO-Biz, one appointee from the Senate, and one appointee from the Assembly. To help businesses in economic recovery from the COVID-19 pandemic, for the State of CA fiscal year 2021-2022 more than **\$394 million** in tax credits have been allocated to help create and maintain jobs in California.

For more information, please visit:

<http://www.business.ca.gov/Programs/CaliforniaCompetesTaxCredit.aspx>

Federal and State of California Research and Development (R&D) Tax Credits

R&D tax credits are available to eligible SCV businesses at both the federal and state levels. Most companies are engaged in efforts to improve products and processes as part of their day-to-day operations and the IRS defines these activities as R&D. The IRS recognizes that many of these changes are evolutionary rather than revolutionary in nature. Therefore, it is not necessary for the improvements to be significant enough to be patentable. Eligible firms are encouraged to precisely identify and track patents and inventions, as well as new or improved products, processes, techniques, formulas or computer software (collectively referred to as “business components”) considered to be eligible. Below are a few questions that may help SCV firms understand whether they qualify for R&D tax credits.

- Does the project or activity rely on any form of physical or biological sciences, engineering, or computer science, etc.?
- Are you trying to make improvements to your products or processes?
- At the outset of the project, was there any uncertainty in regard to your development?
- Did you have to test your results or develop prototypes?

If you answered yes to these questions, please contact the SCVEDC to schedule a free preliminary assessment for qualifying for this lucrative tax credit.

Work Opportunity Tax Credit (WOTC)

WOTC is a federal tax credit for companies who hire new employees from certain target groups that have consistently faced significant barriers to employment. The amount of this credit will depend on the hired individual's qualification as a member of a target group, and ranges from \$2,400 to \$9,600. The Veteran Opportunity to Work (VOW) to Hire Heroes Act of 2011 extended and expanded the WOTC Qualified Veterans target group. In addition, qualified tax-exempt employers can now participate by hiring qualified veterans.

For more information, please visit:

https://edd.ca.gov/Jobs_and_Training/Work_Opportunity_Tax_Credit.htm

California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) Sales and Use Tax Exclusion Program

The CAEATFA is providing a sales and use tax exclusion (full rate, including local and district taxes) on qualifying property that is used in the design, manufacture, production, or assembly of “advanced transportation technologies or alternative energy source products, components, or systems,” or “clean technology.” The tax exemption takes place at the time of the qualified equipment purchase. Before one can make tax exempt purchases of clean-tech qualifying equipment, they must get their application approved by the CAEATFA. Applications are subject to application and administration fees.

For more information please visit: <https://www.treasurer.ca.gov/caeatfa/ste/index.asp>

California Employment Hiring Credit

The New Employment Credit (NEC) took effect on January 1, 2014 and will be in effect until January 1, 2026. There is a strict set of eligibility criteria that businesses need to consider when applying, which include, but are not limited to, the following:

- The business must be located within a Designated Geographic Area (DGA) in the SCV. Check to see if your location is eligible here: <http://maps.gis.ca.gov/gobiz/dga/default.aspx>
- The business is not an excluded business (temporary help services or retail trades, and those primarily in food services, theater companies and dinner theaters, drinking places (alcoholic beverages,) or casinos and casino hotels.
- The business must show a net increase in the number of jobs
- The business hires an individual that is a qualified full-time employee who works at least an average of 35 hours per week and meets all the following:
 - Is hired on or after January 1, 2014
 - Performs at least 50% of his/her services for the employer in the DGA
 - Receives starting wages that exceed 150% of the state's minimum wage
 - Is paid hourly wages for an average of at least 35 hours per week, or is salaried, and paid for full-time employment
 - Meets one of five conditions upon commencement of employment (see link below)

The hiring credit reimburses employers 35% of qualified wages. An annual certification of employment is required with respect to each qualified full-time employee hired in a previous taxable year.

For more information, please visit:

<https://www.ftb.ca.gov/file/business/credits/new-employment-credit/index.html>

Foreign Trade Zone

This extension of the U.S. Foreign Trade Zone (FTZ) program offers international traders, importers, and exporters outstanding opportunities to take advantage of special customs privileges. These incentives can lower barriers to trade, improve cash flow and enhance your company's profits while giving you a competitive edge in the global marketplace. In 2017, the FTZ service area was expanded to include all of Santa Clarita Valley. SCV businesses can now become an Operator, or a Sub-Operator through extension of an existing Operator's bond and zone to another company facility (requires Operator management oversight). Some core benefits include:

- *Duty Deferral* – Duties are only paid when imported merchandise is entered into the U.S. Customs territory
- *Duty Elimination* – No duties paid on merchandise that is exported from a FTZ, transferred to another zone, or destroyed
- *Duty Inversion* – Reduce or eliminate customs duties for products assembled, manufactured or kitted in a FTZ
- *Weekly Entry Program* – Caps total merchandise processing fees (MPF) at \$485 per week, vs. per shipment
- *Efficient Supply Chain/Direct Delivery* – Products that take days to clear through customs can be cleared in-bound directly and arrive more rapidly at importer's FTZ

To learn more or to obtain a free assessment on potential cost savings, contact SCVEDC.

LA Metro Vanpool Program

SCV manufacturers face the challenge of large employee commuter populations from Antelope Valley, San Fernando Valley and greater LA. Vanpool programs are a growing means of both employee attraction and retention. LA Metro offers an incentive of up to \$500 per vanpool per month for vanpool vehicles provided by their leasing partner operators.

For more information, please visit: <https://metrovan.ridematch.info/rp2/home/home>

Southern CA Edison Economic Development Rate Program (EDR)

Large power users (150 kW or more) can apply for a 12% reduction in their electrical rate. Businesses must provide a business case demonstrating your critical need for the EDR program and present a viable out-of-state option or facility closure. Options are also available for small businesses using less than 150kW combined load.

For more information, please contact SCVEDC.

City of Santa Clarita Use Tax Rebate Program

When businesses pay California Sales and Use Tax to a lessor or an out-of-state vendor, Santa Clarita receives only a small amount of the 1% local share. However, using a Direct Payment Permit system, Santa Clarita would receive the entire 1% local share back, benefiting Santa Clarita's general fund which supports public safety, parks, library, and infrastructure as well as a variety of other city services. The incentive program provides businesses with either a cash rebate of 25% on the additional state-collected use tax remitted to the city as a result of the business entering the state's Use Tax Direct Payment Permit program, or a 45% rebate to be used on business expansion city permit credits.

The only requirement to qualify for the program is that the company must have \$500,000 in cumulative purchases subject to use tax in a 12-month period. Once qualified there is no other minimum purchase requirement.

For more information, please contact SCVEDC.

Recycling Market Development Zone

The Recycling Market Development Zone (RMDZ) is a California state program aimed to simultaneously reduce landfill waste and encourage manufacturing. Santa Clarita is one of several designated RMDZs in the state of California, and as a result, Santa Clarita businesses are eligible for low-interest loans. To receive such a loan, the business (a manufacturer or processor) must demonstrate that it is either: 1) reducing initial waste; or 2) reusing production bi-products that would normally be dumped in a landfill; or 3) using recycled content in its manufacturing. Metal recycling is not eligible for a loan, as 90% of California's metal is already recycled.

However, manufacturers that can demonstrate that they are recycling paper, plastic, glass and/or organic material are eligible. Incentives for qualifying businesses include low interest rate loan programs and technical assistance.

For more information, please visit: <https://greensantaclarita.com/>

California Film Credit

California offers a state income/sales and use tax credit for “qualified motion pictures.” Under the current Program 3.0, the state has adjusted or maintained benefits for TV series, pilots, mini-series, relocating TV series, and independent and non-independent films.

- Maintains tax credit program funding of \$330 million from program 2.0 and extended program 3.0 for five (5) years
Eliminated budget caps for studio and independent films
- Replaced lottery selection with a ranking system based on jobs and other criteria
- Added a 5% “Uplift” for productions that film outside the 30-Mile Zone, as well as for visual
- effects and music scoring/recording performed in-state

For more information, please visit: <http://film.ca.gov/tax-credit/>

City of Santa Clarita Film Credit

The City of Santa Clarita has a three-part film incentive program that subsidizes/refunds basic permit fees for locally based, recurring and California Film & Television Tax Credit Program approved productions and provides partial refunds of Transient Occupancy (Hotel) Taxes.

For more information, please visit: <http://filmsantaclarita.com/>

Santa Clarita Valley Business Resources

Santa Clarita Valley businesses can take advantage of several local resources that provide free or low-cost services supporting workforce training and development, expert consulting on a range of business needs, recruitment and hiring, and more. Following is a summary of services available.

LiveWorkSCV.com

The SCVEDC hosts an easy-access job board to connect Santa Clarita Valley-based career opportunities with residents of SCV. Employers can post their open positions receive applications directly via email or link back to the company's own employment portal. Residents can also create their own profile and receive job alerts. Job postings are free of charge. Employers can also post internships at no cost.

For more information or to post a job: www.LiveWorkSCV.com or contact Sue Arellano, SCVEDC Director of Business Assistance at suearellano@scvedc.org or 661-288-4411.

Santa Clarita Chamber of Commerce

The SCV Chamber of Commerce represents more than 65,000 member employees by promoting business growth and enhancing the vitality of the community through value-driven member services, educational programs, strategic partnerships, community outreach, and legislative advocacy.

The chamber collaborates with government, education, and private industry to strengthen local businesses, to be an advocate for business, and affect the high quality of life for which SCV is known for. In addition, the SCV Chamber takes an active role in shaping legislative policies in support of business representing its members before local, regional, state and federal governmental entities and provides a forum for its members to develop policy positions that impact the Santa Clarita Valley business community.

For more information: www.scvchamber.com

Two benefit plans for employers are now available for chamber members:

SCV Chamber 401(k) Retirement Plan

The SCV Chamber offers a Member 401(k) Retirement Plan which is designed to save local businesses time and money in the administration of a 401(k) program for their employees, while creating individual, customized plans. The SCV Chamber has partnered with Lincoln Financial Group to oversee the Multiple Employer Aggregation Program (MEAP) including the plan's important administrative, recordkeeping and fiduciary services.

SCV Chamber Medical Plan

The SCV Chamber offers two healthcare plans: A Minimum Essential Coverage (MEC) health plan and a Medical Expense Reimbursement Program (MERP) for employers to offer a solution to a significant component of the Affordable Care Act (ACA). The healthcare plans can provide local SCV Chamber members with significant savings on their current healthcare costs.

For more information on these plans: <https://www.scvchamber.com/cpages/benefits>

Small Business Development Center

The Small Business Development Center (SBDC) provides free one-on-one counseling meetings with professional business consultants on a wide variety of business issues including business expansion and start-up, marketing and sales tactics, business plan development, international trade – import/export assistance, logistics, manufacturing, financing resources, access to capital/loan packaging, finance and accounting, HR, legal issues, web site design and development, e-commerce and more. The SBDC also offers numerous monthly training classes focused on business skills for the small business owner.

For more information or to schedule an appointment: <http://cocsbdc.org/>

Centers for International Trade Development

The CITD has 10 community college-based locations across California (including College of the Canyons) that assist businesses in expanding globally, assist individuals and students in expanding their knowledge of global business and help colleges internationalize their curriculum. The CITD also manages the California State Trade and Export Promotion (STEP) program which is one of the largest state-based export promotion efforts in the United States.

For more information: http://www.cccewd.net/initiative_citd.cfm or contact CITD at citd@canyons.edu or 661-362-5900.

Employee Training Institute

If your company needs to drive down costs, expand the talent within your workforce, and adapt to continuous improvement methods and processes, SCV's College of the Canyons Employee Training Institute (ETI) is an excellent choice for your training and development needs. ETI provides customized training in most technical skills and business topics such as Print Reading, Lean Manufacturing, Six Sigma, Project Management, Geometric Dimensioning & Tolerancing (GD&T), Supervisory Skills, Management and Leadership, and much more. Training classes are offered at your business site, or at one of several college training locations.

There are several ways for you to get free or low-cost training for your employees using Employment Training Panel (ETP) funds. Here is the link to learn more about what training programs are offered: <http://canyonseconddev.org/eti/>

For more information or to schedule training, please contact Justin Wallace, Director, Business Partnerships & Workforce Engagement at justin.wallace@canyons.edu or 661-362-3788.

School of Personal and Professional Learning

The School of Personal and Professional Learning at College of the Canyons offers quick modular courses to train employees in a variety of subjects such as *Career Skills*, *English as a Second Language*, *Human Resources* and many others. Aggregated short courses are also available to earn Certificates such as *Workplace Essentials*, *Customer Relations*, *Management Toolbox*, and many more. These courses can be taught onsite, online and at a COC location. All classes within this state-funded program are offered at **no cost** to employers or employees. Here is link to learn more about the courses and certificates offered: <https://www.canyons.edu/academics/schools/ppl/>

For more information please contact Justin Wallace, Director, Business Partnerships & Workforce Engagement at justin.wallace@canyons.edu or 661-362-3788.

The Center for Applied Competitive Technologies

The SCV's Center for Applied Competitive Technologies (CACT) works to advance the global competitiveness and innovation for advanced technology companies through responsive workforce training and technical consulting services. The CACT offers technology education and manufacturing training in the areas of Computer Aided Design (CAD), Computer Aided Manufacturing (CAM) and CNC machining. Additionally, CACT partners with the ETI in delivering Lean training and consulting.

For more information, please contact John Milburn, Executive Director ETI at John.Milburn@canyons.edu or 661-362-3245.

Strong Workforce Apprenticeship Group (SWAG)

College of the Canyons has formed a partnership with Goodwill Southern California to create the Strong Workforce Apprenticeship Group (SWAG). SWAG works with companies throughout the Santa Clarita region to design and implement an apprenticeship experience that will address their specific workforce needs through apprenticeships that are registered with the US Department of Labor. National credential, meaningful on-the-job training, relevant skills training, increased productivity, reduced turnover, and financial incentives are just some of the benefits apprenticeship programs bring to SCV companies.

To for more information about SWAG: <https://sw-apprenticeshipgroup.com/> or contact Tracy DiFilippis, Goodwill Sector Strategies Manager at Tdifilippis@goodwillsocal.org or 323-477-3923.

America's Job Center of California (AJCC), Santa Clarita

The America's Job Center of California works with local businesses, offering a variety of services from pre-screening candidates to available interview facilities and job readiness training for job seekers. All services at the AJCC are offered to businesses and job seekers FREE of charge. Participation in these workforce development programs can mean a significant return to your business. For example, you may be eligible for On-the-Job Training (OJT) funds that can reimburse up to half of your new hire's wages for the first three months of work, as well as utilizing the Work Opportunity Tax Credit when you hire eligible job seekers. AJCC is administrated by Goodwill of Southern California.

The SCVEDC is happy to make a warm introduction to the AJCC to help you find qualified candidates. You can view a list of the services they offer job seekers here: <https://www.ajcc.lacounty.gov/ajcc/santa-clarita-ajcc> or call 661-298-0152.

Diversifying Your Workforce Through Alternative Hiring Resources

There are several local organizations that facilitate hiring of individuals with disabilities. Perhaps more than any other group of people, individuals with disabilities can adapt to different situations and circumstances. Research shows that people with disabilities make excellent employees, offering reliability, dedication, and creating a culture of inclusion in the workplace. Hiring people with disabilities can positively impact a business's bottom line. Recruiting and retaining workers with disabilities is one strategy to counter the effects of the aging and shrinking workforce. This untapped labor pool can offer a source of skilled employees and can contribute to increasing retention and reducing turnover. In addition, tax incentives, job coaching and technical assistance are available through these organizations.

For more information contact Sue Arellano, SCVEDC Director of Business Assistance at suearellano@scvedc.org or 661-288-4411.

California Manufacturing Technology Consulting

California Manufacturing Technology Consulting (CMTC®) is a non-profit that provides consulting services for small to mid-size manufacturers in Southern California. The CMTC® mission is to ensure that manufacturers flourish by identifying areas of improvement in capability, process and systems to create financial impact.

For more information: www.cmtc.com or contact Kathy McIntyre, CMTC Client Advisor at kmcintyre@cmtc.com or 310-984-0768.

Supplier Scouting and Matching Program

SCVEDC has partnered with CMTC to deliver a Supplier Matching and Scouting Program to SCV businesses that manufacture or distribute products to meet demand. It is a free resource to help you gain visibility for new business, and to help solve any supply chain issues you may be experiencing. Companies with excess manufacturing capacity or services or companies needing to source critical components are invited to access this program free of charge.

For more information: <https://www.scvedc.org/supplier-matching-program>

Aerospace & Defense Forum - Santa Clarita Valley Chapter

The Aerospace & Defense Forum is a community of over 1800 industry senior executives and professionals who collaborate and share news, information, and analysis relevant to the business of the aerospace, commercial space and defense industries. The Santa Clarita Valley Chapter engages executives in SCV's robust A&D community in regular meetings, and local chapter members are invited to participate in other chapter and national forum meetings. Visit the website to learn more about local chapter and national Forum events, member benefits or to join the SCV Chapter mailing list.

For more information: <https://aerospacedefenseforum.org/>

Biomedical Manufacturing Network

The Biomedical Manufacturing Network is convened by a partnership of regional entities focused on building a biomedical manufacturing network for business assistance, technology transfer, education and training, and economic development. Industry experts are available for consultation, research, or other projects at no cost to businesses in biomedical manufacturing.

For more information: <http://www.biomedmfg.org/> or contact Dr. Gregory Theyel, Program Director at gregory.theyel@biomedmfg.org or 415-425-8314.

California Governor's Office of Business and Economic Development (GO-Biz)

GO-Biz offers a range of services to business owners including: attraction, retention and expansion services, site selection, permit assistance, regulatory guidance, small business assistance, international trade development, assistance with state government, and much more.

For more information: <http://www.business.ca.gov/>

Los Angeles Economic Development Corporation

The Los Angeles Economic Development Corporation provides a broad range of business services, reports and publications, and industry cluster events for companies throughout Los Angeles County, as well as fee-based customized economic studies.

For more information: <http://laedc.org/>