

Hiring Credit Guide

The City of Santa Ana's Enterprise Zone (EZ) Hiring Credit Program is a simple process. Since the inception of the Enterprise Zone (EZ), more than 30,000 vouchers have been issued to Santa Ana businesses. With each voucher having the potential of generating \$37,440 or more in state tax credits for the employer, the hiring credits can significantly increase the profitability of a business.

Program and Benefits:

EZ businesses may reduce their state income tax by a percentage of the wages paid to qualified employees. Potentially **up to \$37,440 or more** in tax credits per qualifying employee can be earned over a five-year period. The following sample credit calculation is based on a qualified employee that works 40 hours per week (2080 hours per year) at \$12.00 per hour (2080 hours X \$12.00 per hour = \$24,960 annual wage):

Year One: $\$24,960 \times 50\% = \$12,480$

Year Two: $\$24,960 \times 40\% = \$9,984$

Year Three: $\$24,960 \times 30\% = \$7,488$

Year Four: $\$24,960 \times 20\% = \$4,992$

Year Five: $\$24,960 \times 10\% = \$2,496$

Total five-year credit \$37,440

Businesses of all types and sizes that are located in the Santa Ana EZ are eligible. Newly hired employees are screened for eligibility and a Hiring Credit Voucher (TCA-EZ1) is issued to the business.

A qualified employee...

- Performs at least 50% of work within the EZ boundaries
- Is a regular employee (not a temporary or contract worker)
- Is part-time or full-time (there is no minimum or maximum to the number of hours worked)
- Meets one of 13 eligibility criteria such as low income, Vietnam Veteran, or laid-off individual
- Need not be a resident of Santa Ana

Let's Get Started!

Contact the City of Santa Ana Economic Development Division at (714) 647-6987 and ask for an EZ Representative. Request a Hiring Credit Manual or download forms from the city's website. Once contact is made with an EZ representative, an application is completed, supporting documentation is collected and submitted for review. Once approved an EZ Hiring Voucher (TCA-EZ-1) is issued. The business will need to keep this voucher to claim the credit on its state taxes.

To access additional information, download forms and view valuable links, visit the City of Santa Ana website at www.santa-ana.org/business and under "Business Incentives" click "Enterprise Zone."

The City of Santa Ana offers free EZ eligibility screening of applicants and new hires. Businesses can send new hires to the Santa Ana W/O/R/K Center on Wednesdays, 9 a.m. to 12 p.m., or by appointment at (714) 647-6987.

Disclaimer:

Credit Limitations

For tax year 2008-2009 companies cannot reduce tax below 50% of their California State tax liability.

Any credits that go unused because of the limitation in 2008-2009 will carry forward.

Exemptions

Companies with less than \$500,000 in "net business income" are exempt from the credit usage limitation.



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