

The Santa Ana Enterprise Zone (EZ) program is designed to help businesses save money. One of those ways includes state tax credits and incentives.

Benefits:

Hiring Credit

A qualified business may reduce its state income tax by the amount of wages paid to qualified employees. \$37,440 or more in tax credits is available per qualifying employee over a five-year period.

As a free service to EZ businesses, the City of Santa Ana works with training providers and other agencies to identify qualified applicants. People of all skill levels are within the qualifying labor pool.

Sales Or Use Tax Credit

As a business in the Santa Ana Enterprise Zone (EZ), your California income tax or franchise tax may be reduced by the amount of sales or use tax paid on certain equipment. \$1.55 million or more per year in tax credits is available for qualifying machinery. Some of the items that qualify are:

- Equipment used to manufacture, process, combine, assemble or fabricate a product.
- Data processing and communications equipment including computers, telephone systems, fax machines and copiers.
- Equipment used in motion picture production and post-production.
- Air and water pollution control devices.
- Equipment used to produce renewable energy resources.

Business Expense Deduction

Part of the cost of certain property purchased for exclusive use in the EZ may be deducted as a business expense in the first year it is placed in service.

Net Interest Deduction For Lenders

A deduction from income is allowed on the amount of "net interest" earned on loans made to a trade or business located exclusively in the EZ.

Let's Get Started!

Call the City of Santa Ana Economic Development Division at (714) 647-6987 and ask for an EZ representative. You can also access additional information, download forms and view valuable links on the City of Santa Ana website at **www.santa-ana.org/business** and under "Business Incentives" click "Enterprise Zone."

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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