



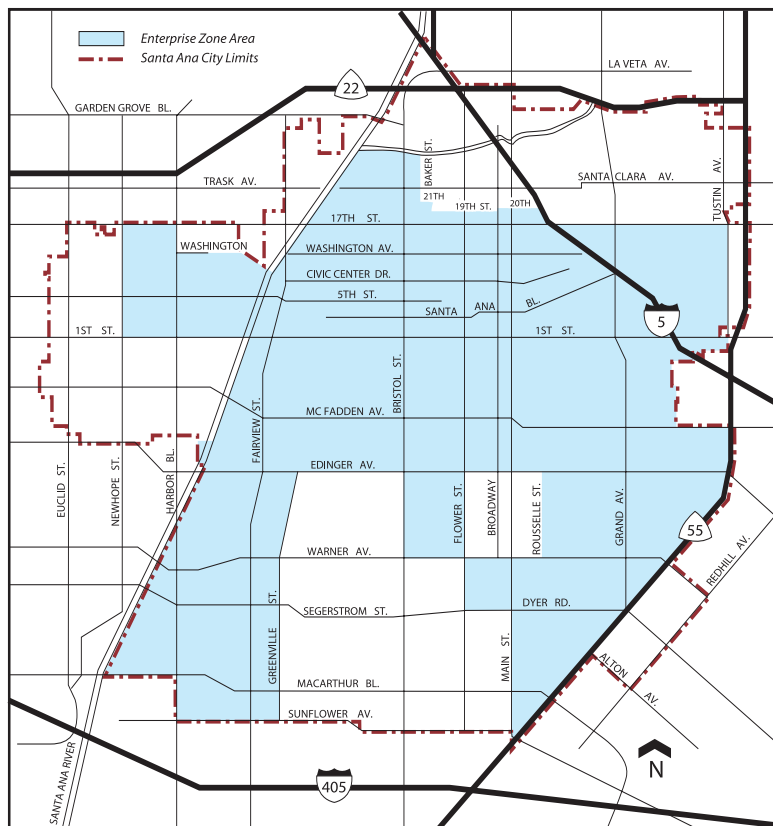
Several of our clients pay little or no California state income tax because of the EZ tax incentives they receive. The credits have helped many our clients to offset the high cost of doing business in California and remain profitable during economically challenging times.

**Edward Lieber, CPA
ELLS CPAs & Business Advisors**



CITY OF SANTA ANA Enterprise Zone Map

Effective Date: June 8, 2008



CITY OF SANTA ANA

the unexpected



ENTERPRISE ZONE



CITY OF SANTA ANA
Economic Development Division
20 Civic Center Plaza, M-25
P.O. Box 1988
Santa Ana, CA 92702
(714) 647-6987
www.santa-ana.org/business



RECYCLED PAPER

Enterprise Zone

On June 8, 2008, the City of Santa Ana received a 15-year Enterprise Zone (EZ) designation that encompasses 16.32 square miles. The EZ program is designed to promote business growth and job generation by offering state tax credits and highly valuable incentives to businesses. Businesses already in the zone can qualify for benefits, as well as new businesses relocating or expanding into Santa Ana's EZ. The incentives provided by the program include:

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 – California income or franchise tax may be reduced by the amount of sales or use tax paid on certain machinery and machinery parts and data processing, telecommunications and office equipment purchased for exclusive use in the EZ. \$1.55 million or more per year in tax credits is available for qualifying purchases.

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. (Amount of deduction changes annually, call for current value.)

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!

Contact the City of Santa Ana Economic Development Division at (714) 647-6987 and an EZ Representative will walk you through the process. Once you have verified that your business address is located in the EZ, consult your accountant or state tax preparer and start taking advantage of the EZ tax benefits.

For More Information:

**City of Santa Ana
Economic Development Division
(714) 647-6987**

**Access additional information,
download forms and view valuable links 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.

