

## CALIFORNIA TAX INCENTIVE PROGRAMS & OTHER RESOURCES FOR INDIVIDUALS and SMALL BUSINESSES

### INDIVIDUAL: APPLICABLE TAX CREDITS & EXEMPTIONS

- Income Tax Credits
  - **College Access** - The College Access Tax Credit (CATC) is a credit available to individuals, business entities, and insurance company entities that contribute to the CATC Fund. The California Educational Facilities Authority (CEFA) administers the fund.
  - **Disaster Loss** - Beginning on or after January 1, 2014 and before January 1, 2024, taxpayers may deduct a disaster loss for any loss sustained in California that is proclaimed by the Governor to be in a state of emergency. California law generally follows federal law regarding the treatment of losses incurred as a result of a casualty or a disaster.
  - **Nonrefundable Renter's** - If you pay rent and have a personal income tax liability, you may be able to use the Nonrefundable Renter's Credit to reduce your tax.
  - **Child and Dependent Care Expenses** - The credit is allowed for certain household and dependent care expenses you incurred during the year that allowed you to seek or maintain gainful employment.
  - **California Earned Income Tax Credit (Cal EITC)**- California's Earned Income Tax Credit (Cal EITC) is designed to put money in the pockets of working families and individuals.
  - **Child Adoption Costs** – 50% of qualified costs in the year an adoption is ordered
  - **Child and Dependent Care Expenses** – Similar to the federal credit except that the California credit amount is based on a specified percentage of the federal credit.
  - **Community Development Financial Institutions Investments** – Certification Required. 20% of each qualified investment made to a community development financial institution. Obtain certification from: California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall, Suite 1600, Sacramento, CA 95814. Website: [insurance.ca.gov](http://insurance.ca.gov).
  - **Dependent Parent** – Must use married/RDP filing separately status and have a dependent parent
  - **Joint Custody Head of Household** – 30% of tax up to \$440 for taxpayers who are single or married/RDP filing separately, who have a child and meet the support test
  - **Nonrefundable Renter's** – For California residents who paid rent for their principal residence for at least 6 months in 2016 and whose AGI does not exceed a certain limit
  - **Senior Head of Household** – 2% of taxable income up to \$1,345 for seniors who qualified for head of household in 2014 or 2015 and whose qualifying individual died during 2014 or 2015

### SMALL BUSINESS: APPLICABLE TAX CREDITS & EXEMPTIONS

- Income Tax Credits
  - **California Competes** - The California Competes Tax Credit is an income tax credit available to companies that want to come to California or stay and grow in California.
  - **California Film and Television** - The California Film and TV Tax Credit Program provides \$330 million annually to encourage film and television production in California. The credit may be used to reduce income and/or sales and use tax liabilities.

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- **California Motion Picture and Television Production** – For taxable years beginning on or after January 1, 2011, the **original** credit is allocated and certified by the California Film Commission, and is available for qualified production expenditures attributable to a qualified motion picture, an independent film, or a TV series that relocates to California. Website: [film.ca.gov](http://film.ca.gov)
- **California Research** - Similar to the federal credit, but available to taxpayers engaged in qualified research activities in California.
- **College Access Tax** - The College Access Tax Credit (CATC) is a credit available to individuals, business entities, and insurance company entities that contribute to the CATC Fund. The California Educational Facilities Authority (CEFA) administers the fund.
- **Disabled Access for Eligible Small Business** – Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250.
- **Donated Agricultural Products Transportation** – 50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations.
- **Donated Fresh Fruits or Vegetables** – 10% of the donation’s costs for qualified taxpayers who donate fresh fruits or fresh vegetables to a California food bank
- **Enhanced Oil Recovery** – One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California.
- **Enterprise Zone Hiring** – Hiring credit for an enterprise zone
- **Environmental Tax** – Five cents (\$.05) for each gallon of ultra-low sulfur diesel fuel produced during the taxable year by a small refiner at any facility located in this state
- **Local Agency Military Base Recovery Area Hiring** – Hiring credit for a local agency military base recovery area
- **Low-Income Housing** – Similar to the federal credit but limited to low-income housing in California
- **Manufacturing Enhancement Area Hiring** – Hiring credit for a manufacturing enhancement area
- **Natural Heritage Preservation** – 55% of the fair market value of any qualified contribution of property donated to the state, any local government, or any nonprofit organization designated by a local government
- **New Advanced Strategic Aircraft Program** - A qualified taxpayer is either a prime contractor awarded a prime contract, or a major first-tier subcontractor awarded a subcontract to manufacture property for ultimate use in or as a component of a new advanced strategic aircraft for the United States Air Force.
- **New California Motion Picture and Television Production** - For taxable years beginning on or after January 1, 2016, the **new** credit is allocated and certified by the California Film Commission, and is available for qualified production expenditures attributable to a qualified motion picture, an independent film, or a TV series that relocates to California. Website: [film.ca.gov](http://film.ca.gov)
- **New Employment** – The credit is available for a taxpayer that hires a full-time employee and pays or incurs wages in a designated census tract or economic development area, and receives a **tentative credit reservation** for that full-time employee.
- **Prison Inmate Labor** – 10% of wages paid to prison inmates
- **Targeted Tax Area Hiring** – Hiring credit for a targeted tax area

## CALIFORNIA TAX INCENTIVE PROGRAMS & OTHER RESOURCES FOR INDIVIDUALS and SMALL BUSINESSES

- Sales and Use Tax Credit
  - **California Film and Television Tax Credit** - The California Film and TV Tax Credit Program provides \$330 million annually to encourage film and television production in California. The credit may be used to reduce income and/or sales and use tax liabilities.
  
- Sales and Use Tax Exemptions
  - **Manufacturing** – Administered by the CA Dept. of Tax and Fee Administration, provides a sales tax exemption of 3.9375% for basic manufacturing equipment for food processing, research and development, and biotechnology. The exemption may include tenant improvements for manufacturing or research and development.
  - **Agriculture** – Administered by the CA Dept. of Tax and Fee Administration, provides a sales tax exemption of 5% for the sale, storage, use, or other consumption of farm equipment, machinery and their parts to qualified persons for use in qualifying activities. The exemption may apply to leases.
  - **Advanced Transportation and Manufacturing Sales and Use Tax Exclusion** – Administered by the CA Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), provides a full sales and use tax exclusion for advanced manufacturers of alternative source and advanced transportation products, components, or systems, and projects using recycled feedstock.

### STATE FINANCING OPPORTUNITIES

- **Small Business Loan Guarantee Program** – The Small Business Loan Guarantee Program (SBLGP) provides loans to small businesses that experience capital access barriers. Through this program, a small business can establish a favorable credit history with a lender and obtain access to future loans on its own, independent of the program. Qualifying small businesses owners may apply for an SBLGP loan by contacting a Financial Development Corporation (FDC).
- **Small Business Development Centers** – Small Business Development Centers (SBDCs) provide comprehensive business assistance, including helping business owner's access capital. SBDCs offer their services at no cost.
- **Financial Development Corporations** - Financial Development Corporations provide loan capital and other financial services to existing and start-up small businesses.
- **California Capital Access Program** – The California Capital Access Program encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing.
- **CalCAP Collateral Support** – The program pledges to cover the collateral shortfall of a loan made by a participating lender in order to enable financing that otherwise might not be available to a small business. Small business owners having difficulty in obtaining conventional financing may qualify for a Collateral Support loan through any Collateral Support lender.

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**STATE WORKFORCE DEVELOPMENT PROGRAMS**

- Employment Training Panel – The program provides funding to employers to assist in upgrading the skills of their workers, ultimately leading to competitive wages and long-term jobs. Businesses determine their own training needs and how to provide training. ETP staff assist in applying for funds and other aspects of participation.
- Division of Apprenticeship Standards – The program administers the State’s apprenticeship law and the promotion and development of employment-based apprenticeship training in a variety of industries and occupations.
- California’s Veterans (CALVET) – The program, coupled with federal incentives, assist employers with accessing an available skilled workforce.
- Joint Venture Program – The program provides vocational training opportunities to inmates within California’s correctional settings and offers businesses attractive benefits for employing them.