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Courtside *Legal Update*

California Competes Tax Credit for Growing Business



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The California Competes Tax Credit was approved by Gov. Jerry Brown in 2013. It is offered as an income tax credit for businesses that are:

1. Currently located in the state of California and want to expand, or
2. Relocating to the state

The negotiation of these tax credits is handled by the Governor's Office of Business and Economic Development (Go-Biz). The available credits have been tiered to increase over the past several years.

Who Can Claim the Tax Credit?

Small businesses of any size have eligibility to apply for the California Competes Tax Credit. If a business wants to qualify for a portion of tax credit allocation, they must show an expansion plan that creates jobs in the next five years. Go-Biz has tentatively dedicated \$180 million per fiscal year 2018-19 through 2022-23.

Businesses interested in leveraging these tax credits need to submit applications to the "California Competes Tax Credit Committee" for review. It is required that businesses commit to certain milestones, which are based on project investment or employment requirements. Business records should be kept and reviewed to ensure that the business is meeting compliance requirements for the agreed milestones.

How Much Should You Request?

The goal of the California Competes Tax Credit program is to create new full-time jobs that would otherwise not have been located in California. Keep in mind that it is a competitive application process, so your request should be detailed and compelling.

Legal Support for Your Business

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