

The Coachella Valley Enterprise Zone

by Cheri David, CPA

The Coachella Valley Enterprise Zone ("Zone"), was started in 1991 and



was introduced to bring businesses to certain designated underdeveloped areas. The Zone is a 56 square

mile, 36,000+ acre area covering Thousand Palms, Indio, Coachella, Thermal and Mecca. Visit www.commerce.ca.gov to verify if you are doing business within the Zone. Doing Business in the "Zone" can provide you and your business substantial California tax credits. Credits do not expire and can be carried forward infinitely. There are five tax credits available, to you for conducting business within the Zone. A summary of the five state credits is as follows:

EMPLOYER HIRING CREDIT: Each qualified employee that you hire can be worth \$30,000 of tax savings over a five year period. To receive this credit, employees must meet one of the qualifications outlined in FTB publication 1126 and be vouchered to qualify for the credit. Vouchering can be completed through the CVEZA office by fax (760) 391-5178 or online at: www.cveza.com/vouchering/index.htm.

SALES OR USE TAX CREDIT: Any sales or use tax paid on qualified equipment can be used as a credit against state taxes.

BUSINESS EXPENSE DEDUCTION: An additional business expense

deduction of up to \$20,000 is available on certain equipment purchased for use within the Zone.

NET INTEREST DEDUCTION FOR LENDERS: Lenders who provide loans to businesses within the Zone are entitled to deduct the interest income from their state taxable income. This means that a lender has the ability to pass that savings on to any business within the zone.

NET OPERATING LOSS CARRY-OVER: Operating losses incurred by businesses within the Zone can carryover 100% of the loss up to 15 years.

Contractors not only benefit substantially through the tax credits but benefit through additional incentives summarized as follows:

BIDDERS PREFERENCE: If you bid to do work for the State of California, you can receive an additional bidders preference of 5%.

BOND APPLICATION FEE WAIVERS: Bond fees for the Applications of Industrial Development Bonds can be waived in the cities of Indio and Coachella.

FAST TRACK PERMITTING: For eligible industrial site plans, there is a 45 day fast track permitting.

See FTB Publication 1126 "Frequently Asked Questions About the Enterprise Zone Tax Incentives and FTB Publication 1047 "Guidelines for Enterprise Zone Tax Incentives" for additional information regarding the "Zone". These publications can be obtained

through the CVEZA office or online through the Franchise Tax Board Web site at www.ftb.ca.gov. Consult with your tax advisor regarding limitations and use of the "Zone" credits and to find out how to take advantage of the credits on both corporate and personal tax returns.

Cheri David is a CPA with Goedecke Clark, an accounting firm in Palm Desert, she can be reached at 760-346-3861 or cherit@goedeckclark.com

DCA Looking For Volunteers

Overheard at the World Volunteer Conference in response to the observation that volunteers are too often seen as amateurs: "Just remember: Noah's ark was built by amateurs and the Titanic was built by professionals."

The Desert Contractors is always looking for help with our various committees, currently we have positions available on the following committees:

Government/Legislative
(chairperson: Ken Phillips)

Public Relations/Marketing
(chairperson: Marc Homme)

Please call 779-9400 for Richard McDonald at the DCA to volunteer today.