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San Diego is **Zoned** for Incentives

A major component of the region's pro-business toolbox is the Enterprise Zone. Designed to support and enhance business development, Enterprise Zones are geographically designated areas in which businesses can receive several substantial state tax breaks and other benefits. Enterprise Zones were created to stimulate business investments and increase job opportunities. These zones offer businesses the largest array of incentives in one area.

San Diego's Regional Enterprise Zone Program has been designated by the State of California and is administered by the City of San Diego. Key benefits of San Diego's Enterprise Zones include:

- **Wage tax credits**
- **Manufacturing equipment tax credits**
- **Sales and use tax credits**
- **Carryover of unused tax credits**
- **No-cost job referral service**
- **Development permit expediting and assistance**
- **Tax savings for employees within Enterprise Zones**

Available benefits and incentives offered through the Enterprise Zone Program have attracted all types of industries to the area including:

- **Light Industrial/Manufacturing**
- **Maquiladora-type Facilities**
- **Retail/Entertainment**
- **Commercial**
- **Research and Development**

"San Diego... is a Cinderella story of the U.S. Economy."

—Forbes Magazine

Opportunities Abound in Enterprise Zones

For more than two decades San Diego's Enterprise Zones have attracted numerous businesses to the region, resulting in billions of dollars in investment. The zones, managed by the City of San Diego, include partner jurisdictions from the cities of Chula Vista and National City, as well as the Port of San Diego.

San Diego's Regional Enterprise Zone Program covers designated areas of the City of San Diego (Barrio Logan, Golden Hill, Mid-City, and Otay Mesa-Border Communities), the City of Chula Vista along prime waterfront property and National City along its bayfront. Portions of these areas offer the most extensive developable land opportunities in the region and offer tremendous opportunities and incentives for businesses and industries.

Additionally, other incentive programs overlap with the Enterprise Zone Program providing additional opportunities for businesses. Incentives include Redevelopment Project Areas, a Federal Renewal Community designation, a Recycling Market Development Zone and a Foreign Trade Zone. The diverse array of businesses and industries taking advantage of the Enterprise Zone Program includes:

Light Industrial/Manufacturing

ARC Products

BAE Systems/San Diego Ship Repair

Casas International Brokerage Inc.

DHL

Duke Energy

E & E Industries

European Panel Products

Factory 2U

Golden Oak Furniture

Goodrich Corporation

Howard Leight Industries

Knight & Carver YachtCenter

Laing Inc.

Motivational Systems Inc.

Mountain High Knits

NASSCO

Northrop Grumman

Parker Hannifin

PASHA

Performance Plastics

Quality Cabinets

Raytheon

Source of Health

South Bay Boat Yard

Southwest Marine

Student First Transportation

Sundance Stage Lines

Triple K Manufacturing

Uniforms Express

United Parcel Service

"From its roots as a military town, San Diego has been transformed in just half a decade into a vital entrepreneurial center spawning garage start-ups and attracting giant multi-nationals doing research, marketing and manufacturing."

— New York Times

Maquiladora-type Facilities

BOSE
Comair Rotron
Honeywell
Hyundai
Martin Furniture
Mattel
Matsushita
Maxell
Samsung
Sanyo
Smith Corona
Sony

Retail/Entertainment

7-11 Stores
Albertson's
Burger King
Cost Plus
Costco
El Pollo Loco Restaurant
Home Depot
La Cima Oil Company
Magnolia's Restaurant
McDonald's
Starbucks
Vons

Commercial

Baja Mex Insurance
BathandBody.com
BikeBandit.com
Continental Cleaners
Coast Citrus
Diego & Son Printing
Restaurant Depot
Western Dental

Naval Training Center

Established as a Local Agency Military Base Recovery Area (LAMBRA) in June 2001, this special enterprise zone is located within the Naval Training Center Redevelopment Project Area. The former naval base is currently being developed as a thriving new waterfront community along San Diego Bay. A feature of this mixed-use village includes an office district as well as other commercial opportunities. The LAMBRA enterprise zone is minutes from Downtown San Diego and San Diego International Airport.

Businesses and organizations in the LAMBRA include:

CDC Small Business Finance
Cubic Corporation
Five Star Parking
Glow MD Skin Care
Gnostech, Inc.
Law Offices of Leo Sullivan
Life Wellness Institute

Novonics Corporation
San Diego Funding
Telisimo International Corp.
The Corky McMillin Companies
The Rock Church
Triwest Healthcare Alliance
Stutz Artiano Shinoff & Holtz

The following chart outlines the types of businesses that are taking advantage of the tax incentives available in each Enterprise Zone:

BUSINESS TYPE	EZ	LAMBRA
Light Industrial/Manufacturing	•	
Maquiladora-type Facilities	•	
Retail/Entertainment	•	•
Commercial	•	•
Research & Development	•	•

AVAILABLE INCENTIVES	EZ	LAMBRA
Sales or Use Tax Credit	•	•
Hiring Credit	•	•
Accelerated Depreciation Deduction	•	•
Unused Tax Credit Carry-Forward	•	•
Net Interest Deduction For Lenders	•	

Incentives in Detail

The major benefits of the Enterprise Zone Program are the savings on California business income tax, including:

Sales or Use Tax Credit: Corporations may claim a credit equal to the sales or use tax paid or incurred to purchase the first \$20 million per year of qualified property, such as new manufacturing, assembly, data processing or communications equipment. Individuals may claim a credit equal to the sales or use tax paid on the first \$1 million per year.

Hiring Credit: State tax credits of \$31,500 or more are available for each qualified employee hired. In the LAMBRA Enterprise Zone Program this credit may not exceed \$2 million per year.

Accelerated Depreciation Deduction: Upfront expensing is available for certain depreciable business property.

Unused Tax Credit Carry-Forward: Unused tax credits can be applied to future tax years, stretching out benefit of initial investment.

Net Interest Deduction for Lenders: Allows lenders a deduction on the net interest earned from loans made to Enterprise Zone businesses. Qualified loans include business loans, mortgages and loans from non-commercial sources. *(Not available in the LAMBRA Enterprise Zone.)*

Other Advantages Include:

- Job referral service that can be used to find, at no cost, qualified employees whose wages can be claimed as tax credits
- Development permit expediting and assistance
- Reduction of certain development fees
- Tax savings for Enterprise Zone employees
- Access to specialized technical and financial assistance programs
- Employment related assistance
- Expedited tenant improvement building permits
- Potential fee reductions