

# ZONE 40

## Stanislaus Enterprise Zone Fact Sheet

### What is an Enterprise Zone (EZ)?

California Enterprise Zones were established to stimulate economic development in selected economically depressed areas. Special tax incentives are available for businesses that operate or invest in the EZ.

The Stanislaus Enterprise Zone encompasses an area of approximately 67,000 acres and includes parts of Modesto, Ceres, and Turlock, as well as tracts of unincorporated areas in Stanislaus.

### Goals of Stanislaus Enterprise Zone

- Business retention and expansion in geographic areas of Stanislaus County where economic conditions are not optimal.
- Business attraction to these same geographic areas.
- Help for low-income and disadvantaged residents in finding and retaining jobs; including the unemployed, victims of layoffs, and public assistance recipients.

### Stanislaus Enterprise Zone Benefits

The State offers several tax credits, deductions, and incentives that reduce the cost of hiring new employees and investing in equipment within the EZ. These credits, deductions, and incentives apply during the fifteen-year life of the EZ. The Stanislaus County Economic Development and Workforce

Alliance provides assistance to business and job seekers in targeted employment areas.

### Credits, Deductions, and Incentives

#### State Tax Credits

- Hiring Tax Credit
- Sales and Use Tax Credit
- Business Expense Deduction
- 15 Year Net Operating Loss
- Net interest deduction

#### Modesto-only Incentives

- Local Incentive Zone rebates
- CFF Deferral Program

#### Alliance Assistance

- Business Assistance
- Job Placement Assistance
- Eligibility Screening
- Fast Track Permitting

### Eligibility

All tax-paying businesses located within the Zone automatically qualify for California Enterprise Zone benefits; whether they are proprietorships, partnerships or corporations.

### Vouchering (Hiring Tax Credit)

Vouchering is the process of screening and documenting new hires to determine if the employee qualifies a business for the Hiring Tax Credit. The Hiring Tax Credit is the only credit that requires a signed voucher by the enterprise zone coordinator.

If an employer hire new employees or is planning an expansion, this tax credit can save the employer thousands of dollars. By hiring “qualified” employees, employers can claim up to 50% of the employee’s wages in the first year of employment. The credit percentage decreases by 10% annually, phasing out after 5 years.

The credit applies to new hires and replacements due to turnover or expansion. It is based on the lesser of the following:

- The actual hourly rate paid to the employee; or
- 150% of the California minimum wage.

The California Housing and Community Development Department has a \$10 filing fee per voucher. In addition, there is a \$40 local processing fee per person referred for eligibility and vouchering.

### **Which Employees Qualify?**

A “qualified employee” for the Hiring Tax Credit is an employee who:

- Performs at least 50% of the work within the boundaries of an EZ;
- Is a “regular” employee, not a temporary or contract worker; and,
- Is part-time or full-time; there is no maximum or limit to the number of hours.

It is the sole responsibility of the employer to determine the right to work status of all new hires. In addition, a “qualified employee” must be currently or six months prior to hire date, one of the following:

1. A person receiving or eligible to receive subsidized employment, training or services funded by WIA

2. A person eligible to be a voluntary or mandatory participant in CalWorks
3. A member of a targeted group as defined in the Federal Work Opportunity Tax Credit (WOTC)
4. An economically disadvantaged individual 14 years of age or older
5. A qualified dislocated worker
6. A disabled individual eligible for, enrolled in, or who completed a state rehabilitation program
7. A service connected disabled veteran
8. A veteran of the Vietnam era
9. A veteran who recently separated from military service (48 months prior to hire date)
10. An ex-offender
11. A person eligible for or recipient of:
  - SSI benefits
  - TANF
  - Food Stamps
12. A Native American
13. A resident of a Targeted Employment Area (TEA).

### **For more information:**

- City of Modesto  
(EZ info, local incentives, assistance)  
209-577-5324  
[www.choosemodesto.com](http://www.choosemodesto.com)
- City of Modesto GIS  
(EZ boundary map)  
[www.gis.modesto](http://www.gis.modesto) (internal)  
[www.modestogov.com/gis](http://www.modestogov.com/gis) (external)
- The Alliance  
(Hiring tax credit voucher)  
209-523-ZONE (523-9663)  
[www.stanalliance.com](http://www.stanalliance.com)
- Franchise Tax Board  
(Sales & Use tax credit info/forms)  
[www.ftb.ca.gov](http://www.ftb.ca.gov)