

City of San Diego & State of California Business Incentives

March 2022

City of San Diego

Permit Entitlement Assistance

The City of San Diego has dedicated staff available to assist businesses and developers in securing required City entitlements, including permits for right-of-way, grading, new construction, and tenant improvements. In this support role, Economic Development staff are directly engaged with the City's Development Services, Planning, and Public Utilities Departments to assist in expediting construction entitlements, identifying fees, and issues mediation.

Fee Payment Incentive

The Fee Payment Incentive program affords businesses an opportunity to recoup certain City Fees (i.e. Express Plan check service) paid by the business associated with submitting and securing required building permit entitlements. Based on the number of full-time jobs created, sales tax revenue generated and/or capital investment, reimbursements amounts can be up to \$10,000.

Business Cooperation Program

The Business Cooperation Program encourage businesses and nonprofit corporations with significant equipment expenditures to take part in the program, thereby allocating sales and use taxes to the City. This increases the City's General Fund revenues used to provide a variety of services that support the business community, such as infrastructure, public safety and fire protection.

The Business Cooperation Program can provide a tax rebate of 25 percent of the local 1 percent sales or use tax paid in connection with San Diego-based operations.

Guaranteed Water for Industry Program

The Guaranteed Water for Industry Program assures businesses a reliable supply of water for manufacturing and research and development (R&D) firms, many of whom are highly dependent on water for industrial processing and cooling needs. Businesses can apply to the City of San Diego to have a site certified as "exempt" from the water-use restrictions during Drought Response Level 2 if they implement process water conservation measures such as the internal reuse of water on-site.

<https://www.sandiego.gov/economic-development/industry/retention/guaranteedwater>

San Diego Region Revolving Loan Fund

Gap financing program that offers a variety of loan products (ranging from \$25,000 to \$500,000) that can provide financial assistance to expanding small- to mid-size business owners that require capital, but may be unable to meet the terms of traditional banks. These loan products provide flexible terms, including lower interest rates and lower matching requirements, and are designed to assist entrepreneurs to get the capital they need to grow their businesses.

<https://www.sandiego.gov/economic-development/business/financing>

CA Competes

Flexible tax credit program intended to promote job creation, business attraction, retention, and expansion efforts in California. Program incentivizes businesses planning to move to California or expand their operations in California. The program affords a unique opportunity for San Diego-based companies to capture significant State tax credits. Businesses of any industry or size can apply quarterly for over \$180 million available in tax credits. Both CA State GoBIZ team and City San Diego staff are available to provide no-cost consultations to see if your business would be competitive for this tax credit program.

The next available opportunity to apply for CA Competes tax credits will be:

- March 7, 2022 – March 28, 2022

CA Competes Power Point: <https://static.business.ca.gov/wp-content/uploads/2022/03/CCTC-March-2022-Outreach-Webinar-Presentation.pdf>

CA Competes link: <https://business.ca.gov/california-competes-tax-credit/>

CA Research & Development Tax Credits

State sponsored Research & Development tax credits are available if a business paid for or incurred qualified research expenses while conducting qualified research activity in California. Qualified research expenses include wages, supplies, and contract research costs. The credit is equal to the sum of the following:

- 15% of qualified expenses that exceed a base amount
- 24% of basic research payments

CA R&D Tax Credits link: <https://www.ftb.ca.gov/file/business/credits/california-research.html>

CA Manufacturing and R&D Equipment Sales Tax Exemption

Affords businesses a 4.19% State sales tax exemption for qualifying manufacturing equipment purchases statewide resulting in an immediate, direct cost benefit for San Diego based companies at time of equipment purchase. This State sponsored program affords an opportunity for businesses engaged in manufacturing, biotech or Research & Development activities to qualify for a partial exemption of State sales and/or use tax typically exacted on

certain equipment purchases and related purchases necessary to accommodate tenant improvements, including labs, wet and clean rooms, etc.

<https://www.cdtfa.ca.gov/industry/manufacturing-exemptions.htm>