



## San Jose Redevelopment Agency Enterprise Zone

### Description

The State of California designated a 10-square mile area in San Jose as an Enterprise Zone on December 31, 2006. The Enterprise Zone was expanded on January 9, 2009 to 12-square miles to include prime areas for retail, commercial and industrial companies. Businesses located in the San Jose Enterprise Zone, ranging from large manufacturing companies to small neighborhood restaurants, qualify for special tax incentives that significantly reduce their business operating costs.

### Benefits

#### Hiring Tax Credit

Businesses located in the Enterprise Zone can hire qualified employees from one of the thirteen eligibility categories and realize tax savings up to \$37,444 per employee over a five-year period. Qualified Enterprise Zone employees include: individuals who live in Targeted Employment Areas (TEA) in San Jose, qualified employment and training program participants and eleven other eligibility criteria.

#### Sales and Use Tax Credit

Businesses can receive state tax credits on the amount of sales or use tax paid on qualified production equipment purchased and used exclusively in the Enterprise Zone. Eligible equipment, machinery or machinery parts qualify for the tax credit if they are used to:

- Manufacture, process, assemble or fabricate a product
- Produce renewable energy resources
- Control air or water pollution

Other qualified equipment includes: data processing, communications equipment, computers, fax, copy machines, digital image and sound processing equipment.

#### Business Expense Deduction

Up to \$20,000 can be deducted on tangible personal property including certain depreciable business equipment, furniture and fixtures.

#### Net Interest Deduction for Lenders

Lenders may claim a state income tax deduction on the interest earned on loans to Enterprise Zone businesses. Loans that may qualify for the net interest deduction include business loans and mortgage loans from commercial or noncommercial sources.

#### Net Operating Loss Carryover

One hundred percent of the business net operating losses can be carried over on state income tax returns for up to 15 years.

For more information about the Enterprise Zone visit:

[www.sjredevelopment.org/EnterpriseZoneProgram.htm](http://www.sjredevelopment.org/EnterpriseZoneProgram.htm) or call (408) 795-1813.