

A REVIEW OF THE CALIFORNIA COMPETES TAX CREDIT PROGRAM

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ABSTRACT

California State Assembly passed Assembly Bill 93 in June 2013 to overhaul California's enterprise zones, which hand out \$750 million a year in tax breaks to business. The new program, called The California Competes Tax Credit, is open to businesses in any industry and of any size. To receive a tax credit, employers must show specifically how they can benefit the state's economy. The program will provide an estimated \$780 million in credits by 2018. Under the program, businesses applicant who pass certain hurdles proceed to negotiate contracts with state authorities. To date over 300 contracts have been approved totaling over \$350 million in tax credits. The proposed paper will review the program.