

LAMBRA Enterprise Zone

**Located at
Southern California
Logistics Airport**



VICTORVILLE
California

**For More Information
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LAMBRA Enterprise Zone designations allow communities to extend California tax credits to companies locating to closed military bases. The former George Air Force Base, now known as Southern California Logistics Airport (SCLA), is a site in California operating under the LAMBRA Enterprise Zone designation. Under this designation, State business incentives include the following:

- A 15-year net operating loss carry-over
- Tax credits for sales and use taxes paid
- Hiring credits for wages paid
- Various business expense deductions

LAMBRA Enterprise Zone credits are available at SCLA and can be used in connection with the application of Foreign Trade Zone credits and any other Federal, State or Local incentive programs. Companies can realize substantial savings through a combination of these incentive programs.

(For information in greater detail, please see other side.) > > >

LAMBRA Incentives

For SCLA

Similar to Enterprise Zones, LAMBRA designations allow communities to extend California tax credits to companies locating to closed military bases.

The former George Air Force Base, now known as SCLA, is one site in California to operate under this designation. State business incentives include:

- ▶ a 15-year net operating loss carry-over
- ▶ tax credits for sales and use taxes paid
- ▶ hiring credits for wages paid
- ▶ various business expense deductions

Qualified Taxpayer Defined

For LAMBRA, a qualified taxpayer is a taxpayer or partnership that conducts business within a LAMBRA, and for the first two taxable or income years, has a net increase in jobs of one or more employees in the LAMBRA.

Sales & Use Tax Credit

LAMBRA provides for a sales or use tax credit equal to the amount of sales or use tax paid or incurred by the taxpayer in connection with purchase of qualified property manufactured in California. The credit is valid for use exclusively within the LAMBRA, up to a value of \$20 million for corporations and \$1 million for individuals, partnerships and LLC's.

- ▶ "Qualified Property" is defined as any of the following purchased for exclusive use within a LAMBRA:
 - ▶ Aircraft maintenance equipment including engine stands, hydraulic mules, power carts, test equipment, hand tools, aircraft start carts, and tugs.
 - ▶ Aircraft components, including engines, fuel control units, hydraulic pumps, avionics, starts, wheels, and tires.
 - ▶ High technology equipment, including computers and electronic processing equipment.
 - ▶ IRC Section 1245 property.

Hiring Credit

Businesses may take a credit against income taxes by the amount of wages paid to one or more qualified employees. A business within a LAMBRA site must, for the first two taxable years, have a net increase in jobs of one or more employees in the LAMBRA. A credit is allowed against tax for "qualified wages" in each year of employment as follows.

- Year 1: 50%
- Year 2: 40%
- Year 3: 30%
- Year 4: 20%
- Year 5: 10%

Business Expense Deduction

Businesses conducting trade or business within a LAMBRA may elect to treat 40% of the eligible cost of qualified property as a business expense rather than a capital expense. For the year the property is placed in service, the business may deduct the cost (subject to limitations) in that year, rather than depreciate it over several years. Qualified property is IRC Sec. 1245 property, which includes, but is not limited to, tangible personal property and most equipment and furnishings acquired by purchase for exclusive use within a LAMBRA.

Net Operating Loss (NOLS) Carry-Over

Net operating losses in LAMBRA may be carried forward to future years to reduce the amount of taxable income for up to 15 years, rather than the California standard of 5 years. LAMBRA net operating loss may only be used to offset income earned within a LAMBRA. There is no carry back period.

For additional information please contact:

City of Victorville, Economic Development Department at (760) 955-5032.

The information compiled is being provided in a summary format. When analyzing more particularly how your business can benefit using the LAMBRA Enterprise Zone, please contact either the Victorville Redevelopment Agency or the California Franchise Tax Board to obtain an FTB3807 Booklet.

