



Economic Incentives 2017-2018

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City of Modesto Business Incentives and Programs

Modesto values its business community. We strive to create opportunities for economic development to attract new businesses, and assist in the successful growth of existing businesses. Current incentive programs include rebates, deferrals and assistance programs.

Fee Reductions

Grease Trap Cost Sharing - For Food Service Establishments (FSEs) that must comply with Modesto's grease removal device requirements, Modesto has implemented a Cost Share Program that may reimburse up to 50% of the purchase cost of new grease traps or interceptors.

For more information:

[Council Resolutions 2017-56 and 2017-57](#) for Cost-Sharing Program
[Cost-Sharing Application Form](#)

Fee Deferral

To help with project cash flow management and encourage new and expanding business development, Modesto offers up to five years of fee deferral for payment of Capital Facilities, Water Connection and/or Wastewater Capacity Fees.

For more information:

<http://www.modestogov.com/588/Development-Expansion-of-Businesses-Comm>



Capital Facilities Fee Credits and Offsets

Capital Facilities Fees (CFF) are impact fees established to mitigate the impacts of new development as outlined in §66000 of the California Government Code. These fees may be used for the purchase, construction, expansion, rehabilitation, or acquisition of public facilities. Deferrals and exemptions are available for qualified projects.

For more information:

<http://www.modestogov.com/567/Capital-Facilities-Fees-CFF>

Business Assistance, Information and Advocacy

The Community & Economic Development Department promotes growth and development in Modesto by providing business logistics services, resource information, and project advocacy. Modesto takes pride in being the economically and culturally diverse County seat for Stanislaus County. Please contact us for excellent customer service: Contact: [City of Modesto Community and Economic Development](#) .

Accelerated Development and Permitting

Form-Based Code

Modesto has adopted a form-based code specific to the downtown area to help streamline the development entitlement process. The downtown zone allows for a mixture of uses in a single building, and eliminates the need for a costly and time-consuming rezone effort.

For more information:

<http://www.modestogov.com/documentcenter/view/1393>

Streamlined Environmental Review

The City of Modesto offers a streamlined environmental review for projects in conformance with the General Plan Master EIR, and reduces the entitlement process time otherwise required by CEQA environmental reviews.

For more information:

<http://www.modestogov.com/784/General-Plan-Master-EIR>



Accelerated Development and Permitting (continued)

Tenant Improvement Tuesdays - FastTrack Permit Program

The "Tenant Improvement Tuesdays" program provides for expedited plan reviews for qualifying tenant improvement projects. Proposed simple tenant improvements, for business or mercantile occupancy, may receive initial approval in as little as a single session and one hour. You can make an appointment to meet with Building, Planning, and Fire staff on any Tuesday between 9:00 am and 3:00 pm.

For more information:

<http://www.modestogov.com/2102/Expedited-Tenant-Improvements>

Downtown Modesto Incentives

Retail Business Incentive

Receive up to \$2500 cash for new retail businesses and extended hours for existing businesses.

For more information:

<http://www.modestogov.com/documentcenter/view/1383>

Fee exemptions, free permits and reduced parking requirements

Incentives are available for mixed use and residential development projects.

For more information:

<http://www.modestogov.com/documentcenter/view/1388>

Pop-Up Shop Incentives

Pop-up Shops can qualify for exemptions from certain fees and requirements.

For more information:

<http://www.modestogov.com/documentcenter/view/1391>



Modesto Irrigation District (MID) Programs

MPower Business Rebate Programs offer commercial, industrial and agricultural customers incentives for buying and installing qualifying energy-efficient products.

Minimum qualifications must be met. Refer to the MPower Business 2017 Rebate Catalog and Application for product-specific requirements and limitations. Please read the details in each Rebate Specifications to ensure you are installing a qualifying product(s). Rebate amounts and specifications are subject to change without notice.

For more information:

<http://www.mid.org/rebates/default.html> | [MPower Business Rebate Catalog – 2017 New Construction Rebate Application](#)

Private Sector Programs

PACE (Property Assessed Clean Energy) makes it possible for owners of commercial, industrial, multifamily, and nonprofit properties to obtain low-cost, long-term financing for energy efficiency, water conservation, renewable energy projects, and more.

Your business or organization can obtain 100% financing for clean energy improvements from a local PACE program. Municipalities and counties work with private-sector lenders to provide this financing for qualified projects, such as solar panel installations, which is paid back through an annual assessment on the organization's property tax bill.

The payback term may extend up to 20 years, which can save your business money by ensuring that yearly utility bill savings from your energy improvements are greater than your annual PACE payment.

For more information:

http://pacenation.us/pace-in-california/#ca-municipalities/?view_26_search=modesto&view_26_page=1
Scroll down page after clicking link to see Modesto PACE programs.



County of Stanislaus Programs

County of Stanislaus Department of Workforce Development

Small Business Development Center (SBDC)

The Valley Sierra SBDC, hosted by Opportunity Stanislaus under contract to County of Stanislaus Department of Workforce Development assists entrepreneurs and business owners through free business counseling and research and low-cost training. Business owners and individual wanting to start a business may receive professional business consulting and trainings at no-cost or low-cost. The Valley Sierra SBDC has a main office in Modesto and a satellite office in Merced.

For more information:

<http://opportunitystanislaus.com/Incentives> | [Valley-Sierra Small Business Development Center](#)

Workforce Services

Customized Staffing Recruitment services at no cost; Job Training Programs; Employee Assessment and Certification; Business consulting and coaching.

For more information:

[Opportunity Stanislaus - Workforce](#)

Regional Programs

San Joaquin Valley Air Pollution Control District

The SJVAPCD offers a range of incentive grant programs for businesses for clean vehicles and equipment and operator training.

For more information:

[Grants Program](#)



State of California Programs

<https://business.ca.gov/>

Sales Tax Exemption

Since 2014 business have been allowed to exclude the first \$200 million equipment purchases from the State of California's share of sales tax (4.19%). This statewide sales tax exemption is based on manufacturing equipment or research and development equipment purchased by companies engaged in manufacturing or biotechnology research and development.

(Partial) Sales And Use Tax Exemption

A partial exemption of sales and use tax on certain manufacturing biotechnology and research and development equipment purchases. The partial exemption applies only to the state sales and use tax rate portion, currently at 4.1875 percent. The exemption does not apply to any local, city, county, or district tax. All manufacturers (NAICS Codes 3111 - 3399, inclusive), Research and Development in Biotechnology and Research and Development in the Physical, Engineering, and Life Sciences (NAICS Codes 541711 and 541712, respectively).

(Full) Sales and Use Tax Exclusion – Advanced Manufacturing & Transportation and Alternative Energy

A sales tax exclusion from both state and local sales tax collection on equipment purchases for qualifying businesses that conduct qualifying activities. Sales tax rates vary by jurisdiction (typically 7% to 9.25%).

New Employment Hiring Tax Credit (NEC)

The New Employment Credit (NEC) is available for each taxable year beginning on or after January 1, 2014, and before January 1, 2021, to a qualified taxpayer that hires a qualified full-time employee on or after January 1, 2014, and pays or incurs qualified wages attributable to work performed by the qualified full-time employee in a designated census tract or economic development area, and that receives a tentative credit reservation for that qualified full-time employee.

The hiring credit will be 35% of wages between 1.5 and 3.5 times the minimum wage for a period of five years. In five pilot areas designated by Go-Biz, the credit will be calculated on wages starting at \$10 per hour.



California Competes Tax Credit

The California Competes Tax Credit is an income tax credit available for businesses wanting to grow, remain or come to California. Criteria includes income data for the target area, the number of jobs created or retained, payroll data including minimum compensation, and tracking of jobs retained during enrollment. 25% of credits are reserved for small businesses. Performance measures as defined by the program are required for compliance.

California Research Credit

The California Research Credit is an income tax credit available for businesses engaged in Qualified and Basic research. It is similar to the Federal Research credit but with differences that should be understood by businesses claiming the credit. Qualified Research is eligible for a 15% credit, and Basic Research is eligible for a 24% credit.

For more information:

<https://www.ftb.ca.gov/forms/misc/1082.pdf>

Employment Training Panel

A cash reimbursement for training cost incurred by employers set by a pre-determined two-year performance based contract. Contracts vary based on number of employees enrolled, hours of training, training material and employee wages.

Industrial Development Bond (IDB)

Industrial Development Bond (IDB) financing is a competitive financing option available for the acquisition of manufacturing facilities and equipment providing a financing option for manufacturers to access private capital markets at tax-exempt rates.

California Film Commission Tax Credit

The California Film Commission has expanded its tax credit program, and incentives are increased for filming projects occurring outside the Los Angeles region.



Small Business Loan Guarantee (SBLGP)

The California Small Business Loan Guarantee Program (SBLGP) assists businesses with the creation and retention of jobs while encouraging investment into low- to moderate-income communities. The SBLGP enables small businesses to not only obtain a loan it could not otherwise obtain but more importantly helps to establish a favorable credit history with a lender so the business may obtain loans in the future on its own without the assistance of the program.

For more information: http://dbo.ca.gov/Resources/small_businesses/files/PPT_SBLGP_Presentation-Robertson_061313.pdf

Pollution Control Tax-Exempt Bond Financing Program

Private activity tax-exempt bond financing to California businesses for the acquisition, construction, or installation of qualified pollution control, waste disposal, waste recovery facilities, and the acquisition and installation of new equipment.



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