



# State names Hesperia as 'enterprise zone'

## Businesses receive tax credits for hires, machinery purchases

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HESPERIA - Doing business in Hesperia just became a lot cheaper.

On Wednesday, August 19, the California Department of Housing and Community Development announced that Hesperia was one of five new enterprise zones, along with Pittsburg, Sacramento, Taft and Tulare. Businesses can generate millions of dollars of tax credits for operating in the enterprise zones.

The five cities have been only conditionally designated at the moment, according to Steve Lantsberger, Hesperia's head of economic development, but it's essentially just a matter of some signing agreements between HCD and the city before it's official.

"We spent a lot of time going through all of the requirements so that, if we were successful, there'd be very few things we'd have to do if we were conditionally designated," he said Thursday. His office began working on the application 18 months ago, and the city will be an enterprise zone until 2024.

The enterprise zone covers most of the city, outside of residential areas. Businesses already operating in the zone as of August 19 are eligible, as are new businesses.

"The majority of the zone is the [commercial and industrial] developable property in the city," said Lantsberger. "You've got I Avenue, Bear Valley, the industrial area, the freeway corridor, Main Street. ... I'd say 95 percent of the businesses in the city are in the zone."

Among the benefits of doing business in the enterprise zone:

- \* Businesses in the enterprise zone can get up to \$37,440 in sales tax credits over five years for each qualified employee they hire.
- \* Purchases of qualified machinery or parts can earn tax credits.
- \* Lenders to businesses in the enterprise zone are eligible for benefits.
- \* Businesses operating in the enterprise zone earn preference points when competing for state contracts.

According to the HCD, enterprise zones saw poverty decrease 7.35 percent more than

the rest of the state between 1990 and 2000, along with an additional 1.2 percent decrease in unemployment, a 7.1 percent increase in household income and 3.5 increase in wage and salary benefits.

"It gives us a competitive advantage over other cities that don't have that tax credit," said Lantsberger. "On certain projects, it can result in millions of dollars in tax reduction. It can be huge."

For more information on enterprise zone benefits, call 947-1909.

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