



California

Forms & Instructions

3808

2011

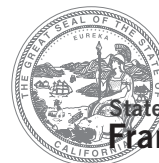
Manufacturing Enhancement Area
Business Booklet

This booklet contains:

Form FTB 3808, Manufacturing Enhancement Area
Credit Summary

Members of the Franchise Tax Board

John Chiang, Chair
Jerome E. Horton, Member
Ana J. Matosantos, Member



State of California
Franchise Tax Board

Instructions for Form FTB 3808 Manufacturing Enhancement Area Businesses

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2009**, and to the California Revenue and Taxation Code (R&TC).

Contents

| | |
|--------------------------------------------------------------------------------------------|----|
| General Information | 2 |
| How to Claim the Credit | 3 |
| Part I – Hiring Credit and Recapture | 3 |
| Worksheet I , Hiring Credit & Recapture | 5 |
| Part II – Portion of Business Attributable to the Manufacturing Enhancement Area | 6 |
| Worksheet II , Income or Loss Apportionment | 7 |
| Instructions for Schedule Z – Computation of Credit Limitations | 10 |
| Form FTB 3808 , Manufacturing Enhancement Area Credit Summary | 13 |
| Schedule Z , Computation of Credit Limitations | 14 |
| Standard Industrial Classification Manual, 1987 Edition (Partial Listing) | 15 |
| Principal Business Activity Codes | 17 |
| How to Get California Tax Information | 20 |

General Information

In general, for taxable years beginning on or after January 1, 2010, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2009. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the R&TC in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

New Jobs Credit – For taxable years beginning on or after January 1, 2009, a new jobs credit against the net tax (individuals) or tax (corporations) is allowed for a qualified employer in the amount of \$3,000 for each qualified full-time employee hired during the taxable year that increases the employer's number of full-time employees over the previous year. This is determined on an annual full-time equivalent basis. Any credits not used in the taxable year may be carried forward up to eight years. For more information, go to ftb.ca.gov and search for **new jobs** or get form FTB 3527, New Jobs Credit.

Important: An employee that is a qualified employee for the MEA hiring credit is not a qualified employee for the New Jobs credit.

Single Sales Factor Formula – For taxable years beginning on or after January 1, 2011, any apportioning trade or business, other than an apportioning trade or business under R&TC Section 25128(b), may make an irrevocable annual election on an original timely filed tax return to apportion California business income using the single sales factor formula. For more information, get Schedule R, Apportionment and Allocation of Income. However, to calculate the California business income for the Manufacturing Enhancement Area (MEA), the income apportioning method must be used. Income apportioned to the MEA continues to be apportioned based on the property and payroll factors.

Limitation

If a taxpayer owns an interest in a disregarded business entity, the amount of the MEA hiring credit that can be utilized is limited to the difference between the taxpayer's regular tax computed with the income of the disregarded entity, and the taxpayer's regular tax computed without the income of the disregarded entity. For more information on disregarded business entities, get Form 568, Limited Liability Company Tax Booklet.

Minimum Wage

The California minimum wage is \$8 per hour.

Pass-Through Entities

For purposes of this booklet, the term "pass-through entity" refers to an S corporation, estate, trust, partnership, and limited liability company (LLC). References to "partnerships" include LLCs classified as partnerships.

Assignment of Credits – For taxable years beginning on or after July 1, 2008, credit earned by members of a combined reporting group may be assigned to an affiliated corporation that is a member of the same combined reporting group. A credit assigned may only be claimed by the affiliated corporation against its tax in taxable years beginning on or after January 1, 2010. For more information, get form FTB 3544, Election to Assign Credit Within Combined Reporting Group, or form FTB 3544A, List of Assigned Credit Received and/or Claimed by Assignee or go to ftb.ca.gov and search for **credit assignment**.

Introduction

Economic Development Area (EDA) Tax Incentives

California has established four types of EDAs that have related tax incentives. These incentives have been established to stimulate growth and development in selected areas that are economically depressed. EDA tax incentives apply only to certain business transactions that are undertaken after an EDA has received final designation from the California Department

of Housing & Community Development (HCD). Final designation is when the HCD designates an area to be an EDA. Tax incentives are available to individuals and businesses operating or investing within the geographic boundaries of the following EDAs:

- Enterprise Zones (EZs)
- Local Agency Military Base Recovery Areas (LAMBRA)
- Manufacturing Enhancement Areas (MEAs)
- Targeted Tax Area (TTA)

Additional information on the EDAs can be found in the following FTB tax booklets:

- EZ tax incentives, FTB 3805Z, Enterprise Zone Business Booklet
- LAMBRA tax incentives, FTB 3807, Local Agency Military Base Recovery Area Business Booklet
- TTA tax incentives, FTB 3809, Targeted Tax Area Business Booklet

Reporting Requirement

California statutes require the FTB to provide information to the California Legislature regarding the number of businesses using the EDA tax incentives, types of EDA tax incentives being used, and the EDAs in which the businesses are claiming the tax incentives.

Complete items A through J on Side 1 of form FTB 3808, Manufacturing Enhancement Area Credit Summary, as applicable. This information will be used to meet the FTB's statutory reporting requirement.

Purpose

This booklet provides specific information on the available MEA tax incentive. Taxpayers investing or operating within an MEA may be eligible for a hiring credit if, both the taxpayer and the hired employee meet the requirements of R&TC Sections 17053.47 and 23633.8. Use this booklet to determine the correct amount of hiring credit that a business may claim for operating or investing in a trade or business within an MEA. Complete the worksheets and Schedule Z in this booklet for the MEA hiring credit. Then enter the hiring credit amount on form FTB 3808.

Manufacturing Enhancement Area Designation

California's two MEAs are the cities of **Brawley** and **Calexico**, located in Imperial County. These cities received their final designation as MEAs effective January 1, 1998. The MEA designation expires on December 31, 2012. The program offers a special tax incentive to encourage business and stimulate job creation in the area.

The geographic boundaries of an MEA are used to determine whether the tax incentive is available to a business in a specified location. For business eligibility or zone related information, including questions regarding

MEA geographic boundaries, contact the local zone program manager in which the business is located. Go to hcd.ca.gov and search for **directory of zone contacts** for Directory of Economic Development Areas.

For information that is zone-specific, but not tax-specific, you may contact the HCD. See page 20 for the HCD contact information.

Forms List

Forms referred to in this booklet include:

| | |
|---------------------|-------------------------------------------------------------------------------|
| Form 100 | California Corporation Franchise or Income Tax Return |
| Form 100S | California S Corporation Franchise or Income Tax Return |
| Form 100W | California Corporation Franchise or Income Tax Return — Water's-Edge Filers |
| Form 109 | California Exempt Organization Business Income Tax Return |
| Form 540 | California Resident Income Tax Return |
| Long Form 540NR | California Nonresident or Part-Year Resident Income Tax Return |
| Form 541 | California Fiduciary Income Tax Return |
| Form 565 | Partnership Return of Income |
| Form 568 | Limited Liability Company Return of Income |
| Schedule CA (540) | California Adjustments — Residents |
| Schedule CA (540NR) | California Adjustments — Nonresidents or Part-Year Residents |
| Schedule P | Alternative Minimum Tax and Credit Limitations |
| FTB Pub. 1061 | Guidelines for Corporations filing a Combined Report S Corporation Tax Credit |
| Schedule C (100S) | Shareholder's Share of Income, Deductions, Credits, etc. |
| Schedule K-1 (100S) | Beneficiary's Share of Income, Deductions, Credits, etc. |
| Schedule K-1 (541) | Partner's Share of Income, Deductions, Credits, etc. |
| Schedule K-1 (565) | Member's Share of Income, Deductions, Credits, etc. |
| Schedule K-1 (568) | Member's Share of Income, Deductions, Credits, etc. |
| Schedule R | Apportionment and Allocation of Income |
| FTB 3544 | Election to Assign Credit Within Combined Reporting Group |
| FTB 3544A | List of Assigned Credit Received and/or Claimed by Assignee |

Who Can Claim the MEA Tax Incentive?

The MEA hiring credit is available to individuals, sole proprietors, corporations, estates, trusts, and partnerships operating or investing in a business located within the designated MEA.

To take advantage of the hiring credit, a completed VoucherCert 10-07 must be

obtained from the local agency responsible for verifying employee eligibility. Do not file VoucherCert 10-07 with your tax return. Keep it for your records. See the Manufacturing Enhancement Area Designation section for more information on contacting your local agency.

How to Claim the Credit

To claim the MEA hiring credit, complete form FTB 3808 and attach it to your California tax return.

Attach a separate form FTB 3808 for each business you operate or invest in that is located within an MEA. Also, complete the following schedule and/or worksheets to report credits incurred:

- Corporations complete Schedule Z and all the worksheets, except for Worksheet II, Section B.
- Sole proprietors complete Schedule Z and all the worksheets.
- Trusts, estates and partnerships, complete Worksheet I and Worksheet II, Section A.
- Individual investors receiving pass-through MEA credits, complete Worksheet II, Section B and Schedule Z. All other investors, complete Worksheet II, Section A and Schedule Z.

Schedule Z is on Side 2 of form FTB 3808.

To assist with the processing of the tax return, indicate that the business operates or invests within an MEA by doing the following:

- | | |
|-------------------------|--------------------------------------------------------------------------------------------------|
| Form 540 filers: | Claim the MEA tax incentive on Form 540, lines 14 and 43 through 45, as applicable. |
| Long Form 540NR filers: | Claim the MEA tax incentive on Long Form 540NR, lines 14 and 58 through 60, as applicable. |
| Form 100 filers: | Claim the MEA tax incentive on Form 100, line 15, line 26, and line 27, as applicable. |
| Form 100S filers: | Claim the MEA tax incentive on Form 100S, line 12, line 19, line 24, and line 25, as applicable. |
| Form 100W filers: | Claim the MEA tax incentive on Form 100W, line 15, line 26, and line 27, as applicable. |
| Form 109 filers: | Check the "Yes" box for the MEA question I at the top of Form 109, Side 1. |

Be sure to keep all completed worksheets and supporting documents for your records.

Form FTB 3808 – Instructions for items A through J

- For corporations, estates, trusts, partnerships, LLCs classified as partnerships, exempt organizations, and sole proprietors, complete items A through J.

- Investors of pass-through entities, complete items A through D. See form FTB 3808, Side 1 for more information.

Standard Industrial Classification (SIC) and Principal Business Activity (PBA) Codes

To qualify for the MEA hiring credit, you must be engaged in a trade or business within the selected SIC listed on pages 15 and 16 of this booklet. Enter the SIC code of the establishment that qualifies you to take this credit on form FTB 3808, Side 1. If your business has more than one establishment, and if more than one of them qualifies you to take this credit, enter the SIC code that best represents your primary qualifying establishment.

FTB implemented the PBA codes chart that is based on the North American Industry Classification System (NAICS). The list of principal business activities and their associated codes are designed to classify a business by the type of activity in which it is engaged to facilitate the administration of the California R&TC. The PBA codes are listed on page 17 through page 19. Enter the PBA code of your principal activity on form FTB 3808, Side 1.

Part I – Hiring Credit and Recapture

Vouchering

Employers hiring qualified employees get the VoucherCert 10-07 from the local agency responsible for verifying employee eligibility. Do not file VoucherCert 10-07 with your tax return. Keep the voucher for your records. For vouchering questions, you may contact the HCD at 916.322.1554.

Line 1 Hiring Credit

A qualified taxpayer conducting a trade or business within an MEA may claim a hiring credit for wages paid or incurred to hire certain disadvantaged individuals. Qualified taxpayers must meet all of the following:

- Be engaged in a line of business described in Standard Industrial Classification (SIC) Codes 0211 through 0291, Code 0723, or Codes 2011 through 3999 of the Standard Industrial Classification Manual, 1987 Edition.
- Conduct a trade or business within the MEA.
- Have at least 50% of its workforce that was hired after the MEA designation, be residents of the county in which the MEA is located at the time of hire.
- Have at least 30% of the qualified county resident workforce described above be qualified disadvantaged individuals.

A "qualified disadvantaged individual" is an individual who at the time hired was any of the following:

- a. A person receiving or determined to be eligible to receive services funded by the federal Job Training Partnership Act (JTPA), or its successor.

- b. Any voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN), or its successor.
- c. A person who has been certified eligible by the Employment Development Department under the federal Targeted Jobs Tax Credit Program, or its successor, whether or not this program is in effect.

An employer may claim a credit for the qualified wages paid or incurred to a qualified disadvantaged individual who meets all of the following:

- Was hired after the MEA received its final designation.
- Spends at least 90% of his or her work time for the qualified employer on activities directly related to the conduct of a qualified trade or business activity within the boundaries of the MEA.
- Performs at least 50% of the work for the qualified employer within the boundaries of the MEA.

The percentage of wages used to compute the credit depends on the number of years the employee works for the employer in the MEA. The applicable percentage begins at 50% and declines 10% for each year of employment. After the fifth year of employment, no credit can be generated.

Wages that qualify for the hiring credit are those wages paid or incurred to hire a qualified disadvantaged individual for the consecutive 60-month period beginning on the first day the individual commenced employment with the employer. For an employer that operates a business that has regularly occurring seasonal or intermittent employment decreases and increases, reemployment of an individual is not a new hire; rather, it is a continuation of the prior employment and does not constitute commencement of employment for the qualified wages test.

The credit is based on the smaller of the following:

- The actual hourly rate paid or incurred by the employer for work performed by the employee during the taxable year.
- 150% of the minimum hourly wage established by the Industrial Welfare Commission.

Where the California minimum wage is higher than the federal minimum wage, the California minimum wage is used for purposes of computing the MEA hiring credit. The current minimum wage is \$8.00 per hour. For purposes of computing the MEA hiring credit, 150% of the minimum wage is \$12.00 per hour.

Example:

John Anderson was hired on January 1, 2011. John's hourly rate for the first month was the minimum wage (\$8.00). At the beginning of the second month, his hourly rate increased to \$8.50. In the third month, John's hourly rate increased to \$12.50. The hourly rate that qualifies for the credit is limited to 150% of the minimum wage, or \$12.00 per hour. The amount of qualified wages is computed as follows:

| Month(s) | Hours x per month | Hourly = rate allowed | Qualified wages per month |
|----------|-------------------|-----------------------|---------------------------|
| 1 | 175 | \$ 8.00 | \$1,400.00 |
| 2 | 170 | 8.50 | \$1,445.00 |
| 3 | 170 | 12.00 | \$2,040.00 |

Record Keeping

Retain a copy of the VoucherCert 10-7 to substantiate an individual's eligibility as a "qualified employee". In addition, for each qualified employee, keep records and a schedule of the first 60 months of employment showing (at least) the following:

- Employee's name.
- Date the employee was hired.
- The employee's address at the time of hire.
- Number of hours the employee worked for each month of employment.
- Smaller of the hourly rate of pay for each month of employment or 150% of the minimum wage.
- Location of the employee's job site and duties performed.
- Total qualified wages per month for each month of employment.

Line 2 Credit Recapture

Employers recapture (add back to the tax liability) the amount of credit attributable to an employee's wages if the employer terminates the employee at anytime during the longer of the following:

- The first 270 days of employment (whether or not consecutive).
- 90 days of employment plus 270 calendar days.

Employers of seasonal employees recapture the amount of hiring credit attributable to the employee's wages if both of the following apply:

- The employer terminates the employee before the completion of 270 days of employment.
- The 270 days is during the 60-month period beginning the day the employee commences employment with the employer.

A "day of employment" means any day the employee receives wage compensation (including a paid sick day, holiday, or vacation day).

Employers add to the current year's tax the amount of credit claimed in the year of termination and all prior years in which the credit was claimed for the terminated employee.

The credit recapture does not apply if the termination of employment was any of the following:

- Voluntary on the part of the employee.
- In response to misconduct of the employee. See Cal Code Regs., tit. 22 sections 1256-30 to 1256-43, for further information on misconduct.
- Caused by the employee becoming disabled, (unless the employee was able to return to work and the employer did not offer to reemploy the individual).
- Carried out so that other qualified individuals could be hired, creating a net

increase in both the number of qualified employees and the number of hours worked.

- Due to a substantial reduction in the employer's trade or business operations.

Instructions for Worksheet I – Hiring Credit & Recapture

Section A – Credit Computation

Line 1, column (a) – Enter the name of each qualified employee. Attach additional schedule(s) if necessary.

Line 1, column (b) through column (f) – Enter in the appropriate columns the qualified wages paid or incurred during the taxable year for each qualified employee listed in column (a).

Line 2, column (b) through column (f) – Add the amounts in each column. The cumulative qualified wages used to compute the MEA hiring credit cannot exceed \$2,000,000. This limit applies for **each** taxable year.

Line 3, column (b) through column (f) – Multiply the total in each column of line 2 by the percentage in each column.

Line 5 – The MEA hiring credit is reduced by the amount of the federal jobs tax credit from the Work Opportunity Tax Credit (WOTC) claimed for this year. The reduction applies for those employees who are hired on or after January 1, 2010, and before August 31, 2011 (excluding unemployed veterans and disconnected youth as described in IRC Section 51[d][14]).

No other California jobs tax credit may be claimed for the same wage expense paid to employees shown in line 1, column (a).

Important: An employee that is a qualified employee for the MEA hiring credit is not a qualified employee for the New Jobs credit.

Line 6 – For partnerships, enter the amount from line 6, on form FTB 3808, Side 1, Part I, line 1. Also, include the current year hiring credit amount on Forms 565 and 568, Schedule K, line 15f and the distributive share of the credit to partners and members on Schedule K-1 line 15f. In addition, add the entire amount of the credit on Schedule K, line 1, column (c).

For corporations, individuals, estates, and trusts, enter the amount from line 6 on Schedule Z, as follows:

- Part II, line 6B, column (b) for corporations, individuals, and estates and trusts.
- Part III, line 7, column (b) for S corporations.
- Part IV, line 8, column (b) for corporations and S corporations subject to paying only the minimum franchise tax.

Important: Affiliated corporations that received credits assigned under R&TC Section 23663, do not include the assigned credits received on this worksheet. Those credits are entered and tracked on form FTB 3544A.

Worksheet I Hiring Credit & Recapture — Manufacturing Enhancement Area

Section A Credit Computation

Qualified wages paid or incurred for year of employment

| | (a) Employee's name | (b) 1st year | (c) 2nd year | (d) 3rd year | (e) 4th year | (f) 5th year |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1 | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 2 | Total. See instructions | | | | | |
| | | .50 | .40 | .30 | .20 | .10 |
| 3 | Multiply line 2 by the percentage for each column. See instructions | | | | | |
| 4 | Add line 3, column (b) through column (f) | | | | | 4 |
| 5 | Enter the amount of the 2011 federal jobs tax credit allowed. See instructions | | | | | 5 |
| 6 | Subtract line 5 from line 4. See instructions You cannot take the MEA hiring credit as well as another credit for the same wage expense. | | | | | 6 |

Section B Credit Recapture

| | (a) Terminated employee's name | (b) Recapture amount |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| 1 | | |
| | | |
| | | |
| | | |
| 2 | Total amount of credit recapture. Add the amounts in column (b). See line 2 instructions for where to report the amount on your California tax return. | 2 |

Credit Limitations

- The cumulative qualified wages used to compute the MEA hiring credit cannot exceed \$2,000,000. This limit applies for **each** taxable year, regardless of the number of qualified disadvantaged individuals employed.
- Businesses must reduce any deduction for wages by the amount of the MEA hiring credit on Worksheet I, Section A, line 6.
- S corporations may claim only 1/3 of the credit against the 1.5% entity-level tax (3.5% for financial S corporations). S corporations can pass through 100% of the credit to their shareholders. S corporations must reduce their wage deduction by 1/3 of the amount on Worksheet I, Section A, line 6 and on Form 100S, line 7. In addition, the S corporation must make an adjustment

for the entire amount of the credit on Schedule K (100S), line 1, column (c).

Example: In 2011, an S corporation qualified for a \$3,000 MEA hiring credit. The S corporation can claim a credit for \$1,000 (\$3,000 x 1/3). On Form 100S, Schedule K, line 1, column (c), the S corporation would add \$3,000 to the S corporation's ordinary income or loss to reflect the credit passed through to the shareholder(s).

- The amount of hiring credit claimed may not exceed the amount of tax on the MEA business income in any year. Use Schedule Z to compute the credit limitation.
- Where a wage expense qualifies for the MEA hiring credit as well as another credit, the business may claim only one credit for that wage expense.

- The business may carry over any unused hiring credit to future years until the credit is exhausted. In the case of an S corporation, 1/3 of the credit can be carried over if it cannot be used in the current year. The remaining 2/3 must be disregarded and may not be carried over.

For more information about the treatment of credits for S corporations, see instructions for Schedule Z.

Section B – Credit Recapture

Line 1, column (a) – Enter the name of the terminated employee. Attach additional schedule(s) if necessary.

Line 1, column (b) – Enter the amount of credit recapture for each employee listed in column (a).

Line 2 – Enter the amount from line 2, column (b) on form FTB 3808, Side 1, line 2.

Also, include the amount of hiring credit recapture on your California tax return or schedule as follows:

- Form 100, Schedule J, line 5.
- Form 100S, Schedule J, line 5 and Schedule K-1 (100S), line 17d.
- Form 100W, Schedule J, line 5.
- Form 109, Schedule K, line 4.
- Form 540, line 63.
- Long Form 540NR, line 73.
- Form 541, line 21b and Schedule K-1 (541), line 14d.
- Form 565, Schedule K, line 20c and Schedule K-1 (565), line 20c.
- Form 568, Schedule K, line 20c and Schedule K-1 (568), line 20c.

Indicate that you included the hiring credit recapture on your tax return by writing “**FTB 3808**”, in the space provided on the schedule or form.

Partnerships must identify the recapture amounts for their partners and members on Schedule K-1 (565 or 568).

S corporation shareholders must recapture the portion of credit that was previously claimed, based on the terminated employee’s wages. S corporations must also identify the recapture amount for shareholders on Schedule K-1 (100S). This amount will differ from the amount recaptured by the S corporation on Form 100S, Schedule J.

Part II – Portion of Business Attributable to the Manufacturing Enhancement Area

The MEA tax incentive is limited to the tax on business income attributable to operations within the area. If the business is located within and outside an MEA, or in more than one MEA, you must determine the portion of total business income that is attributable to each MEA.

Business Income vs. Nonbusiness Income

Only business income is apportioned to the MEA to determine the incentive limitation.

Business income is defined as income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the regular trade or business operations. Nonbusiness income is all income other than business income. See Cal. Code Regs., tit. 18 section 25120 for further references and examples of nonbusiness income.

For Corporations and entities doing business in and outside of the Manufacturing Enhancement Area, use Worksheet II,

Section A, to determine the MEA apportionment factor to determine the amount of business income attributable to the former MEA.

Pass-through entities must report to their shareholders, beneficiaries, partners, and members the following items:

1. The distributive (or pro-rata for S corporations) share of the business income apportioned to the MEA.
2. The distributive (or pro-rata for S corporations) share of the business capital gains and losses apportioned to the MEA included in item 1.
3. The distributive (or pro rata for S Corporation) share of the MEA property and payroll to corporate partners, members, shareholders, beneficiaries.

Report these items as other income on Schedule K-1 (100S, 541, 565, or 568).

For an individual, use Worksheet II, Section B to determine business income attributable to the MEA. Business income includes but is not limited to, California business income or loss from federal Form 1040, Schedules C,D,E,F, and California Schedule D-1 (or federal Form 4797, Sales of Business Property, if California Schedule D-1 is not needed), as well as wages. Be sure to include casualty losses, disaster losses, and any business deductions reported on federal Form 1040, Schedule A as itemized deductions.

Generally, all income which arises from the conduct of trade or business operations of a taxpayer is business income.

If you elected to carry back part or all of your current year disaster loss under IRC Section 165(i)(1), do not include the amount of the loss that was carried back in your current year business income from the MEA.

Apportionment

Business income is apportioned to an MEA by multiplying the total California business income of the taxpayer by a fraction. The fraction consists of the numerator which is the property factor plus the payroll factor, and the denominator, which is two. If a taxpayer conducts businesses in more than one MEA, the MEA apportionment factor and credit limitations are computed separately for each MEA.

Property Factor

Property is defined as the average value of all real and tangible personal property owned or rented by the business and used during the taxable year to produce business income.

Property owned by the business is valued at its original cost. Original cost is the basis of the property for federal income tax purposes (prior to any federal adjustment) at the time of acquisition by the business, adjusted for subsequent capital additions or improvements and partial dispositions because of sale or exchange. Allowance for depreciation is not considered.

Rented property is valued at eight times the net annual rental rate. The net annual rental rate

for any item of rented property is the total rent paid for the property, less aggregate annual subrental rates paid by subtenants.

Payroll Factor

Payroll is defined as the total amount paid to the business’s employees for compensation for the production of business income during the taxable year.

Compensation means wages, salaries, commissions, and any other form of payment paid directly to employees for personal services.

Payments made to independent contractors or any other person not properly classified as an employee are excluded.

Compensation Within the MEA

Compensation is considered to be within the MEA if any of the following tests are met:

1. The employee’s services are performed within the geographical boundaries of the MEA.
2. The employee’s services are performed within and outside the MEA, but the services performed outside the MEA are incidental to the employee’s service within the MEA.
3. If the employee’s services are performed within and outside the MEA, the employee’s compensation is attributed to the MEA if any of the following tests are met:
 - A. The employee’s base of operations is within the MEA.
 - B. There is no base of operations in any other part of the state in which some part of the service is performed, and the place from which the service is directed or controlled is within the MEA.
 - C. The base of operations or the place from which the service is directed or controlled is not in any other part of the state in which some part of the service is performed and the employee’s residence is within the MEA.

Incidental means any temporary or transitory service rendered in connection with an isolated transaction.

Base of operations is the permanent place from which the employees start work and customarily return in order to receive instruction from the taxpayer or communications from their customers or persons; to replenish stock or other material; to repair equipment; or to perform any other functions necessary in the exercise of their trade or profession at some other point or points.

Corporations Filing a Combined Report

When determining the income attributable to the MEA, the business income of each corporation doing business in the MEA is the business income apportioned to California as determined under combined report mechanics. For more information on combined reports, get FTB Pub. 1061. Each corporation computes the

income attributable to the MEA by multiplying California business by the MEA apportionment factor computed in Worksheet II, Section A. The MEA property and payroll factors used in the determination of MEA business income includes only the taxpayer's California amounts in the denominator. When determining the loss attributable to the MEA, the business income is the total unitary business income. Get FTB Pub. 1061 for more information on combined reports. Each corporation computes the loss attributable to the MEA by multiplying the unitary business income by the MEA apportionment factor computed in Worksheet II, Section B. The MEA property and payroll factors used to determine the MEA income includes only the taxpayer's overall amounts from all its business operations in the denominator.

Each corporation doing business in the MEA compute the business income attributable to the MEA according to their own apportioned California business income and interstate apportionment factors.

Example: Computation of MEA business income apportioned to each entity operating within the MEA

Parent Corporation A has two subsidiaries, B and C. Corporations A and B operate within an MEA. The combined group operates

within and outside California and apportions its income to California using Schedule R. Assume the combined group's business income apportioned to California was \$1,000,000 and Corporation A and B's share of California business income is \$228,000 and \$250,000 respectively. Corporation A and B's separate MEA and separate California property and payroll factor amounts are shown in the example below.

Business income apportioned to the MEA was determined as follows:

| | A | B |
|-------------------------------------|-------------|-------------|
| Property Factor | | |
| MEA Property | \$1,000,000 | \$ 800,000 |
| California Property | \$1,000,000 | \$1,200,000 |
| Apportionment % | 100% | 66.66% |
| Payroll Factor | | |
| MEA Payroll | \$ 800,000 | \$ 800,000 |
| California Payroll | \$ 800,000 | \$1,000,000 |
| Apportionment % | 100% | 80% |
| Average Apport. % | 100% | 73.33% |
| <i>(Property + Payroll Factors)</i> | | |
| | 2 | |
| Apportioned Business Income | \$ 228,000 | \$ 250,000 |
| MEA Business Income | \$ 228,000 | \$ 183,325 |

**Instructions for Worksheet II
Income or Loss
Apportionment – Manufacturing
Enhancement Area**

If the business operates solely within a single MEA and all its property and payroll are solely within that single MEA, enter 100% (1.00) on Section A, line 4, column (c). Do not complete the rest of Worksheet II.

**Section A – Income
Apportionment**

Use Worksheet II, Section A, Income Apportionment, to determine the amount of business income apportioned to the MEA. The apportioned MEA business income determines the amount of the tax incentive that can be used. A taxpayer's MEA business income is its **California business income** multiplied by the specific MEA apportionment percentage computed in Worksheet II, Section A.

Property Factor

When determining the income apportioned to the MEA, the numerator of the property factor is the average value of the real and tangible personal property owned or rented by the business and used within the MEA during the

Worksheet II Income or Loss Apportionment – Manufacturing Enhancement Area

Section A Income Apportionment

Use Worksheet II, Section A, if your business has net income from sources within and outside an MEA.

PROPERTY FACTOR

- 1 Average** yearly value of owned real and tangible personal property used in the business (at original cost). See instructions for more information. Exclude property not connected with the business and the value of construction in progress.
 - Inventory
 - Buildings
 - Machinery and equipment
 - Furniture and fixtures
 - Delivery equipment
 - Land
 - Other tangible assets (attach schedule).
 - Rented property used in the business. See instructions
 - Total property values**

PAYROLL FACTOR

- 2** Employees' wages, salaries, commissions, and other compensation related to business income included in the tax return.
 - Total payroll**
- 3** Total percentage - sum of the percentages in column (c)
- 4** Average apportionment percentage (1/2 of line 3).
Enter here and on form FTB 3808, Side 1, line 3

| | (a) Total within California | (b) Total within an MEA | (c) Percentage within an MEA column (b) ÷ column (a) |
|----------|-----------------------------------|-------------------------------|------------------------------------------------------------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |

The average apportionment percentage shown on line 4 represents the portion of the taxpayer's total business that is attributable to activities conducted within the MEA. Factors with zero balances in the totals of column (a) will not be included in the computation of the average apportionment percentage. For example, if the taxpayer does not have any payroll within or outside the MEA, the average apportionment percentage would be computed by dividing line 3 by one instead of by two as normally instructed.

taxable year to produce MEA business income, see Worksheet II, Section A, column (b). The denominator of the property factor is the total average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year within California, see Worksheet II, Section A, column (a).

Payroll Factor

When determining income apportioned to the MEA, the numerator of the payroll factor is the taxpayer's total compensation paid to the employees for working within the MEA during the taxable year, see Worksheet II, Section A, column (b). The denominator of the payroll factor is the taxpayer's total compensation paid to employees working in the Manufacturing Enhancement Area, see Worksheet II, Section A, column (a).

Section B – Income or Loss

Form 540 and Long Form 540NR filers, use Worksheet II, Section B to determine the amount to enter on Schedule Z, Part I, line 1 and line 3.

Do not include disaster losses in any amounts used in the table.

Only California source business income is apportioned to the MEA.

The first step is to determine which portion of the taxpayer's net income is "business income" and which portion is "nonbusiness income," since only business income is apportioned to the MEA. See Part II on page 6, Portion of Business Attributable to the Manufacturing Enhancement Area, for a complete discussion of business and nonbusiness income.

Business income or loss reported on federal Form 1040 Schedules C, C-EZ, E, F, and other schedules are reported on lines 6 through line 9. Line 11 and line 12 report business gains or losses reported on Schedule D and Schedule D-1. All business income and losses should be adjusted for any differences between California and federal amounts as shown on the Schedule CA (540 or 540NR).

Part I – Individual Income and Expense Items

Wages

Taxpayers with wages from a company located within and outside an MEA must determine the MEA wage income by entering the percentage of the time that they worked within the MEA in column (b). The percentage of time should be for the same period the wages entered on line 1 were earned. This percentage must be determined based on their record of time and events such as a travel log or entries in a daily planner.

Part II – Pass-Through Income or Loss

Multiple Pass-Through Entities

If you are a shareholder, beneficiary, partner, or member in multiple pass-through entities with businesses located within and outside an MEA from which you received MEA tax incentives, see the example below for computing business income in the MEA.

Example:

| Pass-through entity | Trade or business income from Schedule K-1 (100S, 541, 565, or 568) | Entity's MEA apportionment percentage | MEA apportioned income |
|---------------------|---------------------------------------------------------------------|---------------------------------------|------------------------|
| ABC, Inc. | \$40,000 | 80% | \$32,000 |
| A, B, & C | 30,000 | 10% | 3,000 |
| ABC, LLC | 10,000 | 50% | 5,000 |
| Total | | | \$40,000 |

Part III – Taxpayer's Trade or Business

Business Income or Loss

Use business income or loss from federal Form 1040 Schedules C, C-EZ, E, and F, plus California adjustments from Schedule CA (540 or 540NR) for each trade or business. Also, include business capital gains and losses from Schedule D and business gains and losses from Schedule D-1 as adjusted on Schedule CA (540 or 540NR).

Income Computation Located Entirely Within the MEA

Line 6 – Line 9: If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is entirely within the MEA, enter the income or loss from this activity in column (a) and enter 1.00 in column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within the MEA, enter the gain or loss reported in column (a) and enter 1.00 in column (b).

Located Entirely Within California

Line 6 – Line 9: If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is entirely within California, enter the income or loss from this activity in column (a). To determine the apportionment percentage in column (b), complete Worksheet II, Section A.

Enter the percentage from Worksheet II, Section A, line 4, column (c) on Worksheet II, Section B, column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within California, enter the gain or loss reported in column (a). To determine the apportionment percentage in column (b), complete Worksheet II, Section A. Enter the percentage from Worksheet II,

Section A, line 4, column (c) on Worksheet II, Section B, column (b).

Located Within and Outside California and the MEA

Line 6 – Line 9: If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is within and outside the MEA and California, get California Schedule R and complete line 1 through line 18b and line 28 through line 31. Enter the amount from Schedule R, line 18b and line 31 on column (a) of this worksheet. To determine the apportionment percentage in column (b), complete Worksheet II, Section A. Enter the percentage from Worksheet II, Section A, line 4, column (c) on Worksheet II, Section B, column (b).

When computing Schedule R, disregard any reference to Form 100, Form 100W, Form 565, or Form 568. Also, disregard any reference to Schedules R-3, R-4, or R-5.

Nonresidents that have an apportioning business that operates within the MEA should have already computed Schedule R, and can use those amounts when that schedule is referenced. Residents must complete a Schedule R in order to determine their California source business income for purposes of the MEA credit computation.

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted within and outside the MEA and California, get Schedule R and complete Schedule R-1. Multiply the gain or loss reported by the apportionment percentage on Schedule R-1, line 5 and enter the result in column (a). To determine the apportionment percentage in column (b), complete Worksheet II, Section A. Enter the percentage from Worksheet II, Section A, line 4, column (c) on Worksheet II, Section B, column (b).

Line 14 – If, in computing your income or loss, the result on line 14, column (c), is a **negative** amount, you do not have any business income attributable to the MEA. You cannot use any of the MEA hiring credit in the current taxable year.

If the amount on line 14, column (c), is a **positive** amount, enter the amount on Schedule Z, Part I, line 1 and line 3 (skip line 2).

Worksheet II Income or Loss Apportionment – Manufacturing Enhancement Area (continued)

Section B Income or Loss Apportionment

Part I Individual Income and Expense Items. See instructions.

| | (a) Amount | (b) Percentage of time providing services in the MEA | (c) Apportioned amount (a) x (b) |
|----------------------------------------------------------------------|---------------|---------------------------------------------------------|----------------------------------------|
| 1 Wages | | | |
| 2 Employee business expenses | | | |
| 3 Total. Combine line 1, column (c) and line 2, column (c) | | | |

Part II Pass-Through Income or Loss. See instructions.

| (a) Name of entity | (b) Distributive or pro-rata share of business income or loss apportioned to the MEA from Schedule K-1 (100S, 541, 565, or 568) including capital gains and losses |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | |
| 5 Total. Add line 4, column (b) | |

Part III Taxpayer's Trade or Business. See instructions.

| | (a) Business income or loss | (b) Apportionment Percentage for the MEA | (c) Apportioned income or loss (a) x (b) |
|-------------------------------------------|--------------------------------|---------------------------------------------|------------------------------------------------|
| 6 Schedule C or C-EZ | | | |
| 7 Schedule E (Rentals) | | | |
| 8 Schedule F | | | |
| 9 Other business income or loss | | | |

| | | | |
|-----------------------------------------------------------|--|--|--|
| 10 Total. Add line 6 through line 9, column (c) | | | |
|-----------------------------------------------------------|--|--|--|

| | (a) Business gain or loss | (b) Apportionment Percentage for the MEA | (c) Apportioned gain or loss (a) x (b) |
|---------------------------|------------------------------|---------------------------------------------|----------------------------------------------|
| 11 Schedule D | | | |
| 12 Schedule D-1 | | | |

| | | | |
|---------------------------------------------------------------------|--|--|--|
| 13 Total. Add line 11, column (c) and line 12, column (c) | | | |
|---------------------------------------------------------------------|--|--|--|

| | | | |
|------------------------------------------------------------------------------------------------------------|--|--|--|
| 14 Total. Add line 3, line 10, and line 13, column (c), and line 5, column (b). See instructions | | | |
|------------------------------------------------------------------------------------------------------------|--|--|--|

Schedule Z – Computation of Credit Limitations

The amount of the MEA hiring credit you can claim on your California tax return is limited by the amount of tax attributable to the MEA business income. The amount of tax attributable to the MEA business income is computed in this schedule. For corporations and other entities doing business in the MEA, the MEA business income is computed in this schedule using the MEA apportionment factor formula computed on Worksheet II, Section A. For individuals, the MEA business income is computed on Worksheet II, Sections B.

Other Limitations to Consider

If a taxpayer owns an interest in a disregarded business entity, the amount of the credit that can be utilized is limited to the difference between the taxpayer's regular tax computed

with the income of the disregarded entity, and the taxpayer's regular tax computed without the income of the disregarded entity. Partnerships allocate the credit among the partners according to the partner's distributive share as determined in a written partnership agreement. See R&TC Section 17039(e)(2).

The MEA hiring credit you are otherwise eligible to claim may be limited. Do not apply the credit against the minimum franchise tax (corporations and S corporations), the annual tax (partnerships and QSub) the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations).

Refer to the credit instructions in your tax booklet for more information.

S Corporations and the Application of the MEA Hiring Credit

An S corporation may use its MEA hiring credit to reduce the MEA tax at both the corporate and shareholder levels.

An S corporation may use 1/3 of the MEA hiring credit to reduce the tax on the S corporation's MEA business income. In addition, S corporation shareholders may claim their pro-rata share of the entire amount of the MEA hiring credits computed under the Personal Income Tax Law.

Example: In 2011, an S corporation qualified for a \$3,000 MEA hiring credit. The S corporation will be able to use 1/3 of the credit ($\$3,000 \times 1/3 = \$1,000$) to offset the tax on the corporation's MEA business income.

The S corporation will also pass through a \$3,000 MEA hiring credit to its shareholders to offset their individual tax (computed under

the Personal Income Tax Law) on the MEA business income.

S corporations should attach form FTB 3808 to Form 100S, California S Corporation Franchise or Income Tax Return, to claim the MEA tax credit. If form FTB 3808 is not attached to the tax return, the credit may be disallowed.

Shareholders should attach Schedule(s) K-1 (100S) to their individual tax returns.

Carryover

If the amount of credit available this year exceeds your MEA tax, you may carry over any excess credit to future years until exhausted. Apply the carryover to the earliest taxable year(s) possible. In no event can the credit be carried back and applied against a prior year's tax. Generally, the credit cannot be transferred to another taxpayer, unless:

- There was a qualifying merger.
- The credit qualifies under R&TC Section 23663 for assignment to an affiliated corporation.

For additional information, get form FTB 3544, or form FTB 3544A.

For S corporations, the amount of the 1/3 credit that is in excess of the 1.5% entity-level MEA tax (3.5% for financial S corporations) in the current year may also be carried forward and used in future years to offset the S corporation entity-level tax. See the instructions for Schedule Z, Part III for more information.

If a C corporation had unused credit carryovers when it elected S corporation status, the carryovers were reduced to 1/3 and transferred to the S corporation. The remaining 2/3 were disregarded. The allowable carryovers may be used to offset the 1.5% tax on net income in accordance with the respective carryover rules. These C corporation carryovers may not be passed through to shareholders. For more information, get Schedule C (100S), S Corporation Tax Credits.

Credit Code Number

You must use credit code number 211 to claim the MEA hiring credit on your tax return. Using an incorrect code may cause a delay in allowing the credit.

Instructions for Schedule Z – Computation of Credit Limitations

Reporting Requirements of S Corporations, Estates, Trusts, and Partnerships

- Partnerships and LLC's treated as partnerships do not complete Schedule Z. However, the partners and members of these types of entities should compute their MEA income from all sources by completing the Schedule Z in order to determine the amount of the MEA hiring credit that they may claim on their California tax return. For individual partners, report the distributive share of all the business income apportioned to the MEA. For corporate partners, report the distributive share of the MEA property

and payroll. Report these items as other information on Schedule K-1 (565).

- S corporations and their shareholders must complete Schedule Z.
- Report to shareholders, beneficiaries, partners, and members, the distributive or pro-rata share of business income, loss, and deductions apportioned to the MEA; and
- Separately state any distributive or pro-rata share of business capital gains and losses apportioned to the MEA included in the amount above.

S Corporations

Complete only Part I and Part III of Schedule Z if your entity-level tax before credits is more than the minimum franchise tax.

Corporations and S Corporations subject to the minimum franchise tax only

Complete only Part IV of Schedule Z.

All others: Complete Part I and Part II of Schedule Z.

Part I – Computation of Credit Limitations

Line 1 – Enter all trade or business income. See Part II for the definition of business income.

Line 2 – If your business is located entirely within the MEA, enter 1.

Specifically, this percentage is the apportionment percentage computed by the entity using Worksheet II, Section A, and it represents the percentage of the entity's business income attributable to the MEA.

Line 4a – Compute the tax as if the MEA taxable income represented all of your taxable income.

Individuals

Use the tax table or tax rate schedule in your tax booklet for your filing status.

Exempt Organizations

Use the applicable tax rate in your tax booklet.

Corporations and S Corporations

Use the applicable tax rate.

If the amount on line 4a is the minimum franchise tax (\$800), you cannot use your MEA hiring credit this year. You should complete Part IV of Schedule Z to compute the amount of credit carryover.

Example: Determination of MEA Income for Shareholders, Partners, or Members of Pass-Through Entities

John Anderson is vice president of ABC, Inc., an S corporation that has two locations: one within an MEA and one outside an MEA. Eighty percent (80%) of the S corporation's business income is attributable to the MEA.

This percentage was determined by ABC, Inc. using Worksheet II, Section A, when ABC's S corporation tax return (Form 100S) was prepared.

John divides his time equally (50/50) between the two offices of ABC, Inc. Jackie Anderson (John's spouse/RDP) works for ABC, Inc. at its office located in the MEA.

John and Jackie Anderson have the following items of California income and expense for the 2011 taxable year:

| | |
|------------------------------------------------------------------|-----------|
| John's salary from ABC, Inc. | \$100,000 |
| Jackie's salary from ABC, Inc. | 75,000 |
| Interest on savings account | 1,000 |
| Dividends | 3,000 |
| Schedule K-1 (100S) from ABC, Inc.: Ordinary income | 40,000 |

John's unreimbursed employee expenses from Schedule A (2,000)

The Anderson's MEA income (total amount to be reported on line 3) is computed as follows:

| | |
|-----------------------------------------------------------------------------|-----------|
| John's MEA salary (\$100,000 x 50%) | \$50,000 |
| Jackie's MEA salary (\$75,000 x 100%) | 75,000 |
| Pass-through ordinary income from ABC, Inc. (\$40,000 x 80%) | 32,000 |
| John's unreimbursed employee business expenses (\$2,000 x 50%) | (1,000) |
| Total MEA income (Schedule Z, Part I, line 3) | \$156,000 |

The standard deduction and personal or dependency exemptions are not included in the computation of MEA business income since they are not related to trade or business activities.

John and Jackie must compute the tax (to be entered on Schedule Z, Part I, line 4a) on the total MEA income of \$156,000 (as if it represents all of their income).

Line 4b – Corporations and S Corporations:

If the amount on line 4b is the minimum franchise tax (\$800), you cannot use your MEA hiring credit this year. You should complete Part IV of Schedule Z to compute the amount of credit carryover.

Part II – Limitation of Credits for Corporations, Individuals, Estates, and Trusts

Corporations, individuals, estates, or trusts, use Schedule Z, Part II. Corporations and S corporations that are subject to paying only the minimum franchise tax, use Schedule Z, Part IV.

Line 6A, column (f) – Enter the amount from line 5. This is the amount of limitation based on the tax on MEA business income.

Line 6A, column (g) – Enter the amount of credit that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount on line 6A, column (f) or the amount computed on line 6B, column (e). Enter this amount on form FTB 3808, Side 1, line 1.

Line 6B, column (b) – Enter the amount of the current year credit that was computed on Worksheet I.

Line 6B, column (c) – Enter the amount of the total prior year carryover credit. This is the amount of credit that was previously figured on Worksheet I in the prior year, minus the amount that was allowed to be taken on the prior year tax return.

Line 6B, column (d) – Enter the amount of credit assigned to affiliated corporations that are members of the same combined reporting group from form FTB 3544 column (g). Only C corporations who completed the form will enter an amount in this column. Individuals, and Estates and Trusts, leave blank and go to column (e) instructions.

Line 6B, column (e) – Add the amount of the current year credit on line 6B, column (b) and the amount of the total prior year carryover on line 6B, column (c), then subtract the amount of the total credit assigned on line 6B, column (d).

Line 6B, column (f) – Compare the amounts on line 6A, column (f) and line 6A, column (g). Enter the smaller amount.

Line 6B, column (h) – Subtract the amount on line 6B, column (f) from the amount on line 6B, column (e). Enter the result on line 6B, column (h). This is the amount of credit that can be carried over to future years. This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on MEA business income.

Part III – Limitation of Credits for S Corporations Only

Use Part III of schedule Z only if you are an S corporation.

Line 7, column (b) – Enter the amount of credit computed this year from Worksheet I. Also, enter this amount on Form 100S as follows:

- Schedule C, line 4
- Schedule K, line 13d

You may need to adjust your Schedule C (100S) to reflect the MEA tax limitation (Part I, line 5) on your credit after completing this worksheet.

Line 7, column (c) – Multiply the amount on line 7, column (b) by 1/3. Enter this amount in column (c). The amount in column (c) is the maximum amount of the current year credit that may be used by the S corporation to offset its 1.5% entity-level tax (3.5% for financial S corporations).

Line 7, column (d) – Enter the amount of the total prior year carryover of the credit (this is the amount of credit that was previously figured on Worksheet I in the prior year, minus the amount that was allowed to be taken on the prior year tax return).

Line 7, column (e) – Add the amount of the current year credit on line 7, column (c) and the amount of the total prior year carryover on line 7, column (d).

Line 7, column (f) – Enter the amount of credit that was used by the S corporation in the current year to offset its 1.5% entity-level tax (3.5% for financial S corporations). Enter this amount on form FTB 3808, Side 1, line 1.

Line 7, column (g) – Subtract the amount in column (f) from the amount in column (e). This is the amount of credit that can be carried over to future years and used by the S corporation.

Part IV – Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax

Use Part IV of Schedule Z if you are a corporation or S corporation subject to paying only the minimum franchise tax.

Line 8, column (b) – Enter the amount of current year credit that was computed on Worksheet I. **S corporations** may enter only 1/3 of the amount from Worksheet I.

Line 8, column (c) – Enter the amount of the total prior year carryover of the credit. This is the amount of credit that was previously figured on Worksheet I in the prior year, minus the amount that was allowed to be taken on the prior year tax return.

Line 8, column (d) – Enter the amounts of credits assigned to affiliated corporations that are members of the same combined reporting group from form FTB 3544, column (g). Only C corporations who completed the form will enter an amount in this column. S corporations, leave blank and go to column (e) instructions.

Line 8, column (e) – Add the amount of the current year credit on line 8, column (b) and the amount of the total prior year carryover on line 8, column (c), then subtract the amount of credit assigned on line 8, column (d). This is the amount of credit that can be carried over to future years.

Example: Part II

The ABC Business has \$8,000 of tax. The business computed a credit limitation based on the MEA income of \$7,000 on Schedule Z, line 5. The business has the following credits:

Hiring credit — \$500 and a \$300 carryover from a prior year

Schedule Z, Part II would be computed as follows:

Part II Limitation of Credits for Corporations, Individuals, Estates, and Trusts. See instructions.

| | (a) Credit name | (b) Credit amount | (c) Total prior year carryover | (d) Total credit assigned from form FTB 3544 col. (g) | (e) Total credit sum of col. (b) plus col. (c), minus col. (d) | (f) Limitation based on MEA business income | (g) Credit used on Sch. P Can never be greater than col. (e) or col. (f) | (h) Total credit carryover col. (e) minus col. (f) |
|---|--------------------|----------------------|-----------------------------------|----------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------|
| 6 | Hiring Credit | A | | | | 7,000 | 800 | |
| | | B | 500 | 300 | -0- | 800 | | -0- |

THIS PAGE INTENTIONALLY LEFT BLANK

Visit our website:

ftb.ca.gov

Manufacturing Enhancement Area Credit Summary

2011

3808

Attach to your California tax return.

SSN or ITIN or California corporation number

Name(s) as shown on return

FEIN

Qualified taxpayer's SIC code. See instructions. _____

Secretary of State (SOS) file number

A. Check the appropriate box for your entity type:

- Individual Estate Trust C corporation S corporation Partnership
- Exempt organization Limited liability company Limited liability partnership

B. Enter the name of the Manufacturing Enhancement Area (MEA) business: _____

C. Enter the address (actual location) where the MEA business is conducted:

D. Enter the name of the MEA in which the business and/or investment activity is located.

E. Enter the six-digit Principal Business Activity Code of the MEA Business _____

F. Total number of employees in the MEA _____

G. Number of employees included in the computation of the hiring credit, if claimed _____

H. Number of new employees included in the computation of the hiring credit, if claimed _____

I. Gross annual receipts of the business _____

J. Total asset value of the business _____

Part I Hiring Credit and Recapture (Complete Schedule Z on Side 2 before you complete this part.)

1 Hiring credit from Schedule Z, line 6A, column (g) or line 7, column (f) **1** _____

2 Recapture of hiring credit from Worksheet I, Section B, line 2, column (b) **2** _____

Part II Portion of Business Attributable to the Manufacturing Enhancement Area

3 Enter the average apportionment percentage of your business that is in the MEA from Worksheet II, Section A, line 4. If your operation is entirely within one MEA, the average apportionment percentage is 100% (1.00) **3** _____

Schedule Z Computation of Credit Limitations — Manufacturing Enhancement Area

Part I Computation of Credit Limitations. See instructions.

| | | | |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--|
| 1 | Trade or business income. Individuals: Enter the amount from Worksheet II, Section B, line 14, column (c) on this line and on line 3 (skip line 2). See instructions. Corporations which file a combined report, enter the taxpayer's business income apportioned to California (see Part II instructions) | 1 | |
| 2 | Corporations: Enter the average apportionment percentage from Worksheet II, Section A, line 4. See instructions. . . | 2 | |
| 3 | Multiply line 1 by line 2. | 3 | |
| 4 | a Compute the amount of tax due using the amount on line 3. See instructions. | 4a | |
| | b Enter the amount of tax from Form 540, line 35; Long Form 540NR, line 42; Form 541, line 21; Form 100, line 24; Form 100W, line 24; Form 100S, line 22; or Form 109, line 10. Corporations and S corporations, see instructions | 4b | |
| 5 | Enter the smaller of line 4a or line 4b. This is the limitation based on the MEA income. Go to Part II, Part III, or Part IV. See instructions. | 5 | |

Part II Limitation of Credits for Corporations, Individuals, Estates, and Trusts. See instructions.

| (a) Credit name | (b) Credit amount | (c) Total prior year carryover | (d) Total credit assigned from form FTB 3544 col. (g) | (e) Total credit sum of col. (b) plus col. (c), minus col. (d) | (f) Limitation based on MEA business income | (g) Credit used on Sch. P Can never be greater than col. (e) or col. (f) | (h) Total credit carryover col. (e) minus col. (f) |
|--------------------|----------------------|-----------------------------------|----------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------|
| 6 Hiring Credit | A | | | | | | |
| | B | | | | | | |

Part III Limitation of Credits for S Corporations Only. See instructions.

| (a) Credit name | (b) Credit amount | (c) S corporation credit col. (b) multiplied by 1/3 | (d) Total prior year carryover | (e) Total credit col. (c) plus col. (d) | (f) Credit used this year by S corporation | (g) Carryover col. (e) minus col. (f) |
|--------------------|----------------------|--------------------------------------------------------|-----------------------------------|--------------------------------------------|-----------------------------------------------|------------------------------------------|
| 7 Hiring Credit | | | | | | |

Part IV Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax. See instructions.

| (a) Credit name | (b) Credit amount | (c) Total prior year carryover | (d) Total credit assigned from form FTB 3544 col. (g) | (e) Total credit carryover sum of col. (b) plus col. (c), minus col. (d) |
|--------------------|----------------------|-----------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------------|
| 8 Hiring Credit | | | | |

Refer to page 3 for information on how to claim the credit.

Standard Industrial Classification Manual, 1987 Edition (Partial Listing)

The Standard Industrial Classification (SIC) Manual classifies business activities based upon establishments, which are defined in the SIC Manual as an economic unit, generally at a single physical location, where business is conducted, or where services or industrial operations are performed. A taxpayer's enterprise may consist of more than one establishment. The SIC Manual provides the following examples of establishments: A factory, mill, store, hotel, movie theater, mine, farm, ranch, bank, railroad depot, airline terminal, sales office, warehouse, or central administrative office. Where distinct and separate economic activities are performed at a single physical location (such as construction activities operated out of the same physical location as a lumber yard), each activity should be treated as a separate establishment where: (1) No one industry description in the SIC Manual includes such combined activities; (2) The employment in each economic activity is significant; and (3) Separate reports are prepared on the number of employees, their wages and salaries, sales or receipts, property and equipment, and other types of

financial data, such as financial statements, job costing, and profit center accounting.

The SIC Manual is organized using a hierarchical structure. First by division, next by two-digit major groups within each division, then by three-digit industry groups within each major group, and finally by four-digit industry codes within each industry group.

For purposes of this publication, SIC Codes 0211 through 0291, Code 0723, or Codes 2011 through 3999 are listed since only taxpayers with establishments in these industry codes qualify for the MEA hiring credit.

The complete Standard Industrial Classification Manual, 1987 Edition, is available for purchase from:

NATIONAL TECHNICAL INFORMATION SERVICE
5301 Shawnee Road
Alexandria, Virginia 22312
Order No. PB 87-100012

Or to view this manual, go to osha.gov and search for **SIC code**.

The four-digit industry codes within Division D of the SIC Manual are: (nec means "not elsewhere classified")

| | | | | | | | |
|------|--------------------------------------------------|------|---------------------------------------|------|---------------------------------------------|------|---------------------------------------|
| 3291 | Abrasive products | 0251 | Broiler, fryer, and roaster chickens | 2298 | Cordage & twine | 3069 | Fabricated rubber products, nec |
| 2891 | Adhesives & sealants | 2231 | Broadwoven fabric mills, wool | 2653 | Corrugated & solid fiber boxes | 3441 | Fabricated structural metal |
| 2879 | Agricultural chemicals, nec | 3991 | Brooms & brushes | 3961 | Costume jewelry | 2399 | Fabricated textile products, nec |
| 3563 | Air & gas compressors | 3995 | Burial caskets | 2074 | Cottonseed oil | 3523 | Farm machinery & equipment |
| 3728 | Aircraft parts & equipment, nec | 3578 | Calculating & accounting equipment | 2021 | Creamery butter | 3965 | Fasteners, buttons, needles, & pins |
| 3724 | Aircraft engines & engine parts | | | 0723 | Crop preparation services for market | 2875 | Fertilizers, mixing only |
| 3721 | Aircraft | 2064 | Candy & other confectionery products | 3466 | Crowns & closures | 2655 | Fiber cans, drums, & similar products |
| 2812 | Alkalies & chlorine | | | 3643 | Current-carrying wiring devices | 2262 | Finishing plants, manmade |
| 3354 | Aluminum extruded products | 2062 | Cane sugar refining | 2391 | Curtains & draperies | 2261 | Finishing plants, cotton |
| 3355 | Aluminum rolling & drawing, nec | 2033 | Canned fruits & vegetables | 3087 | Custom compound purchased resins | 2269 | Finishing plants, nec |
| 3365 | Aluminum foundries | 2091 | Canned & cured fish & seafood | | | 3211 | Flat glass |
| 3353 | Aluminum sheet, plate, & foil | 2032 | Canned specialties | 3281 | Cut stone & stone products | 2087 | Flavoring extracts & syrups, nec |
| 3363 | Aluminum die-casting | 2394 | Canvas & related products | 3421 | Cutlery | 2041 | Flour & other grain mill products |
| 3483 | Ammunition, except for small arms, nec | 3955 | Carbon paper & inked ribbons | 2865 | Cyclic crudes & intermediates | 3824 | Fluid meters & counting devices |
| | | 2895 | Carbon black | 0241 | Dairy farms | 3492 | Fluid power valves & hose fittings |
| 3826 | Analytical instruments | 3624 | Carbon & graphite products | 2034 | Dehydrated fruits, vegetables, & soups | 2026 | Fluid milk |
| 0273 | Animal aquaculture | 3592 | Carburetors, pistons, rings, & valves | 3843 | Dental equipment & supplies | 3594 | Fluid power pumps & motors |
| 0279 | Animal specialties, nec | 2273 | Carpets & rugs | 2675 | Die-cut paper products | 3593 | Fluid power cylinders & actuators |
| 2077 | Animal & marine fats & oils | 2823 | Cellulosic manmade fiber | 2085 | Distilled & blended liquors | 2657 | Folding paperboard boxes |
| 2387 | Apparel belts | 3241 | Cement, hydraulic | 2047 | Dog & cat food | 2099 | Food preparations, nec |
| 2389 | Apparel & accessories, nec | 3253 | Ceramic wall & floor tile | 3942 | Dolls & stuffed toys | 3556 | Food products machinery |
| 3446 | Architectural metal work | 2043 | Cereal breakfast foods | 2591 | Drapery hardware & blinds & shades | 3131 | Footwear cut stock |
| 3292 | Asbestos products | 2022 | Cheese, natural & processed | 2023 | Dry, condensed, & evaporated dairy products | 3149 | Footwear, except rubber, nec |
| 2952 | Asphalt felts & coatings | 2899 | Chemical preparations, nec | | | 2092 | Fresh/frozen prepared fish/seafood |
| 2951 | Asphalt paving mixtures & blocks | 2067 | Chewing gum | | | 2053 | Frozen bakery products, except bread |
| 3581 | Automatic vending machines | 2131 | Chewing & smoking tobacco | 2079 | Edible fats & oils, nec | 2038 | Frozen specialties, nec |
| 2396 | Automotive & apparel trimmings | 0252 | Chicken eggs | 3641 | Electric lamps | 2037 | Frozen fruits & vegetables |
| 3465 | Automotive stampings | 2066 | Chocolate & cocoa products | 3634 | Electric housewares & fans | 0271 | Fur-bearing animals and rabbits |
| 2673 | Bags: plastic, laminated, & coated | 2111 | Cigarettes | 3699 | Electrical equipment & supplies, nec | 2371 | Fur goods |
| 2674 | Bags: uncoated paper & multiwall | 2121 | Cigars | 3629 | Electrical industrial apparatus, nec | 2599 | Furniture & fixtures, nec |
| 3562 | Ball & roller bearings | 3255 | Clay refractories | 3845 | Electromedical equipment | 3944 | Games, toys, & children's vehicles |
| 0211 | Beef cattle feedlots | 2295 | Coated fabrics, not rubberized | 3313 | Electrometallurgical products | 3053 | Gaskets, packing, & sealing devices |
| 0212 | Beef cattle, except feedlots | 3316 | Cold finishing of steel shapes | 3679 | Electronic components, nec | 0291 | General farms, primarily animal |
| 2063 | Beet sugar | 2754 | Commercial printing, gravure | 3678 | Electronic connectors | 3569 | General industrial machinery, nec |
| 2836 | Biological products except diagnostic substances | 2752 | Commercial printing, lithographic | 3671 | Electron tubes | 0219 | General livestock, nec |
| | | 2759 | Commercial printing, nec | 3675 | Electronic capacitors | 2369 | Girls' & children's outerwear, nec |
| 2782 | Blankbooks & looseleaf binders | 3582 | Commercial laundry equipment | 3676 | Electronic resistors | 2361 | Girls' & children's dresses, blouses |
| 3312 | Blast furnace & steel mills | 3646 | Commercial lighting fixtures | 3677 | Electronic coils & transformers | 3221 | Glass containers |
| 3564 | Blowers & fans | 3669 | Communication equipment | 3571 | Electronic computers | 3321 | Gray & ductile iron foundries |
| 3732 | Boat building & repairing | 3577 | Computer peripheral equipment, nec | 3534 | Elevators & moving stairways | 2771 | Greeting cards |
| 3452 | Bolts, nuts, rivets, & washers | 3575 | Computer terminals | 3694 | Engine electrical equipment | 3764 | Guided missile & space vehicle parts |
| 2731 | Book publishing | 3572 | Computer storage devices | 2677 | Envelopes | | |
| 2732 | Book printing | 3271 | Concrete block & brick | 3822 | Environmental controls | | |
| 2789 | Bookbinding & related work | 3272 | Concrete products, nec | 2892 | Explosives | | |
| 2086 | Bottled & canned soft drinks | 3531 | Construction machinery | 2381 | Fabric dress & work gloves | | |
| 2342 | Bras, girdles, & allied garments | 2679 | Converted paper products, nec | 3499 | Fabricated metal products, nec | | |
| 2051 | Bread, cake, & related products | 3535 | Conveyors & conveying equipment | 3443 | Fabricated plate work (boiler shops) | | |
| 3251 | Brick & structural clay tile | 2052 | Cookies & crackers | 3498 | Fabricated pipe & fittings | | |
| 2211 | Broadwoven fabric mills, cotton | 3351 | Copper rolling & drawing | | | | |
| 2221 | Broadwoven fabric mills, manmade | 3366 | Copper foundries | | | | |

(continued on next page)

| | | | | | | | |
|------|------------------------------------------|------|-----------------------------------------|------|---------------------------------------|------|--------------------------------------|
| 3761 | Guided missiles & space vehicles | 2322 | Men's & boys' underwear & nightwear | 3269 | Pottery products, nec | 3841 | Surgical & medical instruments |
| 2861 | Gum & wood chemicals | | | 0254 | Poultry hatcheries | 3842 | Surgical appliances & supplies |
| 3275 | Gypsum products | 2326 | Men's & boys' work clothing | 0259 | Poultry and eggs, nec | 3613 | Switchgear & switchboard apparatus |
| 3423 | Hand & edge tools, nec | 2311 | Men's & boys' suits & coats | 2015 | Poultry slaughtering & processing | | |
| 3996 | Hardsurface floor coverings, nec | 2514 | Metal household furniture | 3568 | Power transmission equipment, nec | 2822 | Synthetic rubber |
| 2429 | Hardware, nec | 3549 | Metalworking machinery, nec | 3546 | Power-driven handtools | 3795 | Tanks & tank components |
| 2426 | Hardwood dimensions & flooring mills | 3398 | Metal heat treating | 3448 | Prefabricated metal buildings | 3661 | Telephone & telegraph apparatus |
| | | 3411 | Metal cans | 2452 | Prefabricated wood buildings | 3552 | Textile machinery |
| 2435 | Hardwood veneer & plywood | 3412 | Metal barrels, drums, & pails | 2045 | Prepared flour mixes & doughs | 2393 | Textile bags |
| 2353 | Hats, caps, & millinery | 3431 | Metal sanitary ware | 2048 | Prepared feeds, nec | 2299 | Textile goods, nec |
| 3433 | Heating equip, except electric | 3497 | Metal foil & leaf | 3652 | Prerecorded records & tapes | 2284 | Thread mills |
| 0213 | Hogs | 3479 | Metal coating & allied services | 3229 | Pressed & blown glass, nec | 2282 | Throwing & winding mills |
| 3536 | Hoists, cranes, & monorails | 3469 | Metal stampings, nec | 3399 | Primary metal products, nec | 2296 | Tire cord & fabrics |
| 0272 | Horses and other equines | 3442 | Metal door, sash, & trim | 3339 | Primary nonferrous metals, nec | 3011 | Tires & inner tubes |
| 2252 | Hosiery, nec | 2431 | Millwork | 3334 | Primary aluminum | 2141 | Tobacco stemming & redrying |
| 2392 | House furnishings, nec | 3296 | Mineral wool | 3331 | Primary copper | 2844 | Toilet preparations |
| 3142 | House slippers | 3295 | Minerals, ground or treated | 3692 | Primary batteries, dry & wet | 3612 | Transformers, except electronic |
| 3651 | Household audio & video equipment | 3253 | Mining machinery | 3672 | Printed circuit boards | 3799 | Transportation equipment, nec |
| | | 2741 | Misc publishing | 2893 | Printing ink | 3792 | Travel trailers & campers |
| 3635 | Household vacuum cleaners | 3449 | Misc metal work | 3555 | Printing trades machinery | 3713 | Truck & bus bodies |
| 3631 | Household cooking appliances | 3496 | Misc fabricated wire products | 3823 | Process control instruments | 3715 | Truck trailers |
| 3633 | Household laundry equipment | 2451 | Mobile homes | 3231 | Products of purchased glass | 3511 | Turbines & turbines generator sets |
| 3639 | Household appliances, nec | 3716 | Motor homes | 2531 | Public building & related furniture | 0253 | Turkey and turkey eggs |
| 2519 | Household furniture, nec | 3711 | Motor vehicles & car bodies | 2611 | Pulp mills | 2791 | Typesetting |
| 3632 | Household refrigerators & freezers | 3621 | Motor & generators | 3561 | Pumps & pumping equipment | 3082 | Unsupported plastic profile shapes |
| 2024 | Ice cream & frozen desserts | 3714 | Motor vehicle parts & accessories | 3663 | Radio, TV, & communications equipment | 3081 | Unsupported plastic film & sheet |
| 3491 | Industrial valves | 3751 | Motorcycles, bicycles, & parts | | | 2512 | Upholstered household furniture |
| 2819 | Industrial inorganic chem, nec | 3931 | Musical instruments | 3743 | Railroad equipment | 3494 | Valves & pipe fittings, nec |
| 3599 | Industrial machinery, nec | 2441 | Nailed wood boxes & shook | 2061 | Raw sugar cane | 2076 | Vegetable oil mills, nec |
| 2869 | Industrial organic chem, nec | 2241 | Narrow fabric mills | 3273 | Ready-mixed concrete | 3647 | Vehicular lighting equipment |
| 3537 | Industrial trucks & tractors | 2711 | Newspapers | 2493 | Reconstituted wood products | 3261 | Vitreous plumbing fixtures |
| 2813 | Industrial gases | 2873 | Nitrogenous fertilizers | 3585 | Refrigeration & heating equipment | 3262 | Vitreous china table & kitchenware |
| 3543 | Industrial patterns | 3297 | Nonclay refractories | 3625 | Relays & industrial controls | 3873 | Watches, clocks, & parts |
| 3567 | Industrial furnaces & ovens | 3644 | Noncurrent-carrying wiring devices | 3645 | Residential lighting fixtures | 2385 | Waterproof outerwear |
| 2816 | Inorganic pigments | 3369 | Nonferrous foundries, nec | 2044 | Rice milling | 2257 | Weft knit fabric mills |
| 3825 | Instruments to measure electricity | 3364 | Nonferrous die-casting, except aluminum | 2095 | Roasted coffee | 3548 | Welding apparatus |
| 3519 | Internal combustion engines, nec | | | 2384 | Robes & dressing gowns | 2046 | Wet corn milling |
| 2835 | In vitro & in vivo diagnostic substances | 3357 | Nonferrous wiredrawing & insulating | 3547 | Rolling mill machinery | 2084 | Wines, brandy, & brandy spirits |
| | | | | 3052 | Rubber & plastic hose & belting | 3495 | Wire springs |
| 3462 | Iron & steel forging | 3356 | Nonferrous rolling & drawing, nec | 3021 | Rubber & plastic footwear | 2337 | Women's & misses' suits & coats |
| 3915 | Jewelers' materials & lapidary work | 3341 | Nonferrous metals | 2068 | Salted & roasted nuts & seeds | 2335 | Women's, juniors', & misses' dresses |
| 3911 | Jewelry, precious metal | 3463 | Nonferrous forging | 2656 | Sanitary food containers | | |
| 2253 | Knit outerwear mills | 3299 | Nonmetallic mineral products, nec | 2676 | Sanitary paper products | 2341 | Women's & children's underwear |
| 2254 | Knit underwear mills | 2297 | Nonwoven fabrics | 2013 | Sausages & other prepared meats | 2251 | Women's hosiery, except socks |
| 2259 | Knitting mills, nec | 3579 | Office machines, nec | 3425 | Saw blades & handsaws | 2339 | Women's & misses' outerwear, nec |
| 3821 | Laboratory apparatus & furniture | 2522 | Office furniture, except wood | 2421 | Sawmills & planing mills, general | 2331 | Women's & misses' blouses & shirts |
| 2258 | Lace & warp knit fabric mills | 3533 | Oil & gas field machinery | 3596 | Scales & balances, except laboratory | 3171 | Women's handbags and purses |
| 3083 | Laminated plastic plate & sheet | 3851 | Ophthalmic goods | | | 3144 | Women's footwear, except athletic |
| 3524 | Lawn & garden equipment | 3827 | Optical instruments & lenses | 2397 | Schiffli machine embroideries | | |
| 3952 | Lead pencils & art goods | 3489 | Ordnance & accessories, nec | 3451 | Screw machine products | 2491 | Wood preserving |
| 3199 | Leather goods, nec | 2824 | Organic fibers, noncellulosic | 3812 | Search & navigation equipment | 2499 | Wood products, nec |
| 2386 | Leather & sheep-lined clothing | 3565 | Packaging machinery | 3674 | Semiconductors & related devices | 2434 | Wood kitchen cabinets |
| 3111 | Leather tanning & finishing | 2851 | Paints & allied products | 3263 | Semivitreous table & kitchenware | 2541 | Wood partitions & fixtures |
| 3151 | Leather gloves & mittens | 3554 | Paper industries machinery | 3589 | Service industry machinery, nec | 2521 | Wood office furniture |
| 3648 | Lighting equipment | 2621 | Paper mills | 2652 | Setup paperboard boxes | 2517 | Wood TV & radio cabinets |
| 3274 | Lime | 2671 | Paper coated & laminated, packaging | 0214 | Sheep and goats | 2449 | Wood containers, nec |
| 2411 | Logging | | | 3444 | Sheet metal work | 2511 | Wood household furniture |
| 2992 | Lubricating oils & greases | 2672 | Paper coated & laminated, nec | 3731 | Ship building & repairing | 2448 | Wood pallets & skids |
| 3161 | Luggage | 2631 | Paperboard mills | 3993 | Signs & advertising specialties | 3553 | Woodworking machinery |
| 2098 | Macaroni, spaghetti, & noodles | 2542 | Partitions & fixtures, except wood | 3914 | Silverware and plate ware | 3844 | X-ray apparatus & tubes |
| 3541 | Machine tools, metal cutting types | 3951 | Pens & mechanical pencils | 3484 | Small arms | 2281 | Yarn spinning mills |
| 3545 | Machine tool accessories | 2721 | Periodicals | 3482 | Small arms ammunition | | |
| 3542 | Machine tools, metal forming type | 3172 | Personal leather goods, nec | 2841 | Soap & other detergents | | |
| 3695 | Magnetic & optical recording media | 2911 | Petroleum refining | 2436 | Softwood veneer & plywood | | |
| 3322 | Malleable iron foundries | 2999 | Petroleum & coal products, nec | 2075 | Soybean oil mills | | |
| 2083 | Malt | 2834 | Pharmaceutical preparations | 3769 | Space vehicle equipment & parts | | |
| 2082 | Malt beverages | 2874 | Phosphatic fertilizers | 3764 | Space propulsion units & parts | | |
| 2761 | Manifold business forms | 3861 | Photographic equipment & supplies | 2429 | Special product sawmills, nec | | |
| 2097 | Manufactured ice | 2035 | Pickles, sauces, & salad dressing | 3544 | Special dies, tools, jigs, & fixtures | | |
| 3999 | Manufacturing industries, nec | 3085 | Plastic bottles | 3559 | Special industry machinery, nec | | |
| 3953 | Marking devices | 3086 | Plastic foam products | 3566 | Speed changers, drives, & gears | | |
| 2515 | Mattresses & bedsprings | 2821 | Plastic materials & resins | 3949 | Sporting & athletic goods, nec | | |
| 3586 | Measuring & dispensing pumps | 3084 | Plastic pipe | 2678 | Stationery products | | |
| 3829 | Measuring & controlling devices, nec | 3088 | Plastic plumbing fixtures | 3493 | Steel springs, except wire | | |
| 2011 | Meat packing plants | 3089 | Plastic products, nec | 3315 | Steel wire & related products | | |
| 3061 | Mechanical rubber goods | 2796 | Platemaking service | 3317 | Steel pipe & tubes | | |
| 2833 | Medicinal & botanicals | 3471 | Plating & polishing | 3325 | Steel foundries, nec | | |
| 2325 | Men's & boys' trousers & slacks | 2395 | Pleating & stitching | 3324 | Steel investment foundries | | |
| 3143 | Men's footwear, except athletic | 3432 | Plumbing fixture fittings & trim | 3691 | Storage batteries | | |
| 2323 | Men's & boys' neckwear | 2842 | Polishes & sanitation goods | 3259 | Structural clay products, nec | | |
| 2329 | Men's & boys' clothing, nec | 3264 | Porcelain electrical supplies | 2439 | Structural wood members, nec | | |
| 2321 | Men's & boys' shirts | 2096 | Potato chips & similar snacks | 2843 | Surface active agents | | |

FTB 3808

Principal Business Activity Codes

This list of principal business activities and their associated codes is designed to classify a business by the type of activity in which it is engaged to facilitate the administration of the California Revenue and Taxation Code. For taxable years beginning on or after January 1, 1998, these principal business activity codes are based on the North American Industry Classification System published by the United States Office of Management and Budget, 1997 Edition.

For purposes of qualifying for the MEA tax incentive, refer to the Standard Industrial Classification Manual, 1987 Edition and the partial listing on pages 15 and 16 of this booklet.

Agriculture, Forestry, Fishing, and Hunting

| Code | Description |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Crop Production | |
| 111100 | Oilseed & Grain Farming |
| 111210 | Vegetable & Melon Farming (including potatoes & yams) |
| 111300 | Fruit & Tree Nut Farming |
| 111400 | Greenhouse, Nursery, & Floriculture Production |
| 111900 | Other Crop Farming (including tobacco, cotton, sugarcane, hay, peanut, sugar beet, & all other crop farming) |
| Animal Production | |
| 112111 | Beef Cattle Ranching & Farming |
| 112112 | Cattle Feedlots |
| 112120 | Dairy Cattle & Milk Production |
| 112210 | Hog & Pig Farming |
| 112300 | Poultry & Egg Production |
| 112400 | Sheep & Goat Farming |
| 112510 | Aquaculture (including shellfish & finfish farms & hatcheries) |
| 112900 | Other Animal Production |
| Forestry and Logging | |
| 113110 | Timber Tract Operations |
| 113210 | Forest Nurseries & Gathering of Forest Products |
| 113310 | Logging |
| Fishing, Hunting and Trapping | |
| 114110 | Fishing |
| 114210 | Hunting & Trapping |
| Support Activities for Agriculture and Forestry | |
| 115110 | Support Activities for Crop Production (including cotton ginning, soil preparation, planting, & cultivating) |
| 115210 | Support Activities for Animal Production |
| 115310 | Support Activities for Forestry |

Mining

| | |
|--------|------------------------------------------------------------------------|
| 211110 | Oil & Gas Extraction |
| 212110 | Coal Mining |
| 212200 | Metal Ore Mining |
| 212310 | Stone Mining & Quarrying |
| 212320 | Sand, Gravel, Clay, & Ceramic & Refractory Minerals Mining & Quarrying |
| 212390 | Other Nonmetallic Mineral Mining & Quarrying |
| 213110 | Support Activities for Mining |

Utilities

| | |
|--------|--------------------------------------------------------|
| 221100 | Electric Power Generation, Transmission & Distribution |
| 221210 | Natural Gas Distribution |
| 221300 | Water, Sewage, & Other Systems |
| 221500 | Combination Gas & Electric |

Construction

| Code | Description |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Construction of Buildings | |
| 236110 | Residential Building Construction |
| 236200 | Nonresidential Building Construction |
| Heavy and Civil Engineering Construction | |
| 237100 | Utility System Construction |
| 237210 | Land Subdivision |
| 237310 | Highway, Street, & Bridge Construction |
| 237990 | Other Heavy & Civil Engineering Construction |
| Specialty Trade Contractors | |
| 238100 | Foundation, Structure, & Building Exterior Contractors (including framing carpentry, masonry, glass, roofing, & siding) |
| 238210 | Electrical Contractors |
| 238220 | Plumbing, Heating, & Air-Conditioning Contractors |
| 238290 | Other Building Equipment Contractors |
| 238300 | Building Finishing Contractors (including drywall, insulation, painting, wallcovering, flooring, tile, & finish carpentry) |
| 238900 | Other Specialty Trade Contractors (including site preparation) |

Manufacturing

| | |
|---------------------------------------------------|------------------------------------------------------------------|
| Food Manufacturing | |
| 311110 | Animal Food Mfg |
| 311200 | Grain & Oilseed Milling |
| 311300 | Sugar & Confectionery Product Mfg |
| 311400 | Fruit & Vegetable Preserving & Specialty Food Mfg |
| 311500 | Dairy Product Mfg |
| 311610 | Animal Slaughtering and Processing |
| 311710 | Seafood Product Preparation & Packaging |
| 311800 | Bakeries & Tortilla Mfg |
| 311900 | Other Food Mfg (including coffee, tea, flavorings, & seasonings) |
| Beverage and Tobacco Product Manufacturing | |
| 312110 | Soft Drink & Ice Mfg |
| 312120 | Breweries |
| 312130 | Wineries |
| 312140 | Distilleries |
| 312200 | Tobacco Manufacturing |
| Textile Mills and Textile Product Mills | |
| 313000 | Textile Mills |
| 314000 | Textile Product Mills |
| Apparel Manufacturing | |
| 315100 | Apparel Knitting Mills |

| | |
|---------------------------------------------------|--------------------------------------------------------------------------|
| 315210 | Cut & Sew Apparel Contractors |
| 315220 | Men's & Boys' Cut & Sew Apparel Mfg |
| 315230 | Women's & Girls' Cut & Sew Apparel Mfg |
| 315290 | Other Cut & Sew Apparel Mfg |
| 315990 | Apparel Accessories & Other Apparel Mfg |
| Leather and Allied Product Manufacturing | |
| 316110 | Leather & Hide Tanning & Finishing |
| 316210 | Footwear Mfg (including rubber & plastics) |
| 316990 | Other Leather & Allied Product Mfg |
| Wood Product Manufacturing | |
| 321110 | Sawmills & Wood Preservation |
| 321210 | Veneer, Plywood, & Engineered Wood Product Mfg |
| 321900 | Other Wood Product Mfg |
| Paper Manufacturing | |
| 322100 | Pulp, Paper, & Paperboard Mills |
| 322200 | Converted Paper Product Mfg |
| Printing and Related Support Activities | |
| 323100 | Printing & Related Support Activities |
| Petroleum and Coal Products Manufacturing | |
| 324110 | Petroleum Refineries (including integrated) |
| 324120 | Asphalt Paving, Roofing, & Saturated Materials Mfg |
| 324190 | Other Petroleum & Coal Products Mfg |
| Chemical Manufacturing | |
| 325100 | Basic Chemical Mfg |
| 325200 | Resin, Synthetic Rubber, & Artificial & Synthetic Fibers & Filaments Mfg |
| 325300 | Pesticide, Fertilizer, & Other Agricultural Chemical Mfg |
| 325410 | Pharmaceutical & Medicine Mfg |
| 325500 | Paint, Coating, & Adhesive Mfg |
| 325600 | Soap, Cleaning Compound, & Toilet Preparation Mfg |
| 325900 | Other Chemical Product & Preparation Mfg |
| Plastics and Rubber Products Manufacturing | |
| 326100 | Plastics Product Mfg |
| 326200 | Rubber Product Mfg |
| Nonmetallic Mineral Product Manufacturing | |
| 327100 | Clay Product & Refractory Mfg |
| 327210 | Glass & Glass Product Mfg |
| 327300 | Cement & Concrete Product Mfg |
| 327400 | Lime & Gypsum Product Mfg |
| 327900 | Other Nonmetallic Mineral Product Mfg |
| Primary Metal Manufacturing | |
| 331110 | Iron & Steel Mills & Ferroalloy Mfg |
| 331200 | Steel Product Mfg from Purchased Steel |
| 331310 | Alumina & Aluminum Production & Processing |
| 331400 | Nonferrous Metal (except Aluminum) Production & Processing |
| 331500 | Foundries |
| Fabricated Metal Product Manufacturing | |
| 332110 | Forging & Stamping |
| 332210 | Cutlery & Handtool Mfg |
| 332300 | Architectural & Structural Metals Mfg |
| 332400 | Boiler, Tank, & Shipping Container Mfg |
| 332510 | Hardware Mfg |
| 332610 | Spring & Wire Product Mfg |
| 332700 | Machine Shops, Turned Product, & Screw, Nut, & Bolt Mfg |

| | |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------|
| 332810 | Coating, Engraving, Heat Treating, & Allied Activities |
| 332900 | Other Fabricated Metal Product Mfg |
| Machinery Manufacturing | |
| 333100 | Agriculture, Construction, & Mining Machinery Mfg |
| 333200 | Industrial Machinery Mfg |
| 333310 | Commercial & Service Industry Machinery Mfg |
| 333410 | Ventilation, Heating, Air-Conditioning, & Commercial Refrigeration Equipment Mfg |
| 333510 | Metalworking Machinery Mfg |
| 333610 | Engine, Turbine, & Power Transmission Equipment Mfg |
| 333900 | Other General Purpose Machinery Mfg |
| Computer and Electronic Product Manufacturing | |
| 334110 | Computer & Peripheral Equipment Mfg |
| 334200 | Communications Equipment Mfg |
| 334310 | Audio & Video Equipment Mfg |
| 334410 | Semiconductor & Other Electronic Component Mfg |
| 334500 | Navigational, Measuring, Electromedical, & Control Instruments Mfg |
| 334610 | Manufacturing & Reproducing Magnetic & Optical Media |
| Electrical Equipment, Appliance, and Component Manufacturing | |
| 335100 | Electric Lighting Equipment Mfg |
| 335200 | Household Appliance Mfg |
| 335310 | Electrical Equipment Mfg |
| 335900 | Other Electrical Equipment & Component Mfg |
| Transportation Equipment Manufacturing | |
| 336100 | Motor Vehicle Mfg |
| 336210 | Motor Vehicle Body & Trailer Mfg |
| 336300 | Motor Vehicle Parts Mfg |
| 336410 | Aerospace Product & Parts Mfg |
| 336510 | Railroad Rolling Stock Mfg |
| 336610 | Ship & Boat Building |
| 336990 | Other Transportation Equipment Mfg |
| Furniture and Related Product Manufacturing | |
| 337000 | Furniture & Related Product Manufacturing |
| Miscellaneous Manufacturing | |
| 339110 | Medical Equipment & Supplies Mfg |
| 339900 | Other Miscellaneous Manufacturing |

Wholesale Trade

| | |
|--------------------------------------------|-----------------------------------------------------|
| Merchant Wholesalers, Durable Goods | |
| 423100 | Motor Vehicle & Motor Vehicle Parts & Supplies |
| 423200 | Furniture & Home Furnishings |
| 423300 | Lumber & Other Construction Materials |
| 423400 | Professional & Commercial Equipment & Supplies |
| 423500 | Metal & Mineral (except Petroleum) |
| 423600 | Electrical & Electronic Goods |
| 423700 | Hardware, & Plumbing & Heating Equipment & Supplies |
| 423800 | Machinery, Equipment, & Supplies |
| 423910 | Sporting & Recreational Goods & Supplies |
| 423920 | Toy & Hobby Goods & Supplies |
| 423930 | Recyclable Materials |
| 423940 | Jewelry, Watch, Precious Stone, & Precious Metals |
| 423990 | Other Miscellaneous Durable Goods |

| | |
|------------------------------------------------------------|---------------------------------------------|
| Code | |
| Merchant Wholesalers, Nondurable Goods | |
| 424100 | Paper & Paper Products |
| 424210 | Drugs & Druggists' Sundries |
| 424300 | Apparel, Piece Goods, & Notions |
| 424400 | Grocery & Related Products |
| 424500 | Farm Product Raw Materials |
| 424600 | Chemical & Allied Products |
| 424700 | Petroleum & Petroleum Products |
| 424800 | Beer, Wine, & Distilled Alcoholic Beverages |
| 424910 | Farm Supplies |
| 424920 | Book, Periodical, & Newspapers |
| 424930 | Flower, Nursery Stock, & Florists' Supplies |
| 424940 | Tobacco & Tobacco Products |
| 424950 | Paint, Varnish, & Supplies |
| 424990 | Other Miscellaneous Nondurable Goods |
| Wholesale Electronic Markets and Agents and Brokers | |
| 425110 | Business to Business Electronic Markets |
| 425120 | Wholesale Trade Agents & Brokers |

Retail Trade

| | |
|----------------------------------------|----------------------------------------------|
| Motor Vehicle and Parts Dealers | |
| 441110 | New Car Dealers |
| 441120 | Used Car Dealers |
| 441210 | Recreational Vehicle Dealers |
| 441221 | Motorcycle Dealers |
| 441222 | Boat Dealers |
| 441229 | All Other Motor Vehicle Dealers |
| 441300 | Automotive Parts, Accessories, & Tire Stores |

| | |
|----------------------------------------------|-----------------------------------|
| Furniture and Home Furnishings Stores | |
| 442110 | Furniture Stores |
| 442210 | Floor Covering Stores |
| 442291 | Window Treatment Stores |
| 442299 | All Other Home Furnishings Stores |

| | |
|-----------------------------------------|-----------------------------------------------|
| Electronics and Appliance Stores | |
| 443111 | Household Appliance Stores |
| 443112 | Radio, Television, & Other Electronics Stores |
| 443120 | Computer & Software Stores |
| 443130 | Camera & Photographic Supplies Stores |

| | |
|--------------------------------------------------------------------|-------------------------------------------|
| Building Material and Garden Equipment and Supplies Dealers | |
| 444110 | Home Centers |
| 444120 | Paint & Wallpaper Stores |
| 444130 | Hardware Stores |
| 444190 | Other Building Material Dealers |
| 444200 | Lawn & Garden Equipment & Supplies Stores |

| | |
|---------------------------------|------------------------------------------------------------|
| Food and Beverage Stores | |
| 445110 | Supermarkets and Other Grocery (except Convenience) Stores |
| 445120 | Convenience Stores |
| 445210 | Meat Markets |
| 445220 | Fish & Seafood Markets |
| 445230 | Fruit & Vegetable Markets |
| 445291 | Baked Goods Stores |
| 445292 | Confectionery & Nut Stores |
| 445299 | All Other Specialty Food Stores |
| 445310 | Beer, Wine, & Liquor Stores |

| | |
|----------------------------------------|----------------------------------------------|
| Health and Personal Care Stores | |
| 446110 | Pharmacies & Drug Stores |
| 446120 | Cosmetics, Beauty Supplies, & Perfume Stores |
| 446130 | Optical Goods Stores |
| 446190 | Other Health & Personal Care Stores |

| | |
|--------------------------|-----------------------------------------------------------|
| Gasoline Stations | |
| 447100 | Gasoline Stations (including convenience stores with gas) |

| | |
|------------------------------------------------------|-------------------------------------------------|
| Code | |
| Clothing and Clothing Accessories Stores | |
| 448110 | Men's Clothing Stores |
| 448120 | Women's Clothing Stores |
| 448130 | Children's & Infants' Clothing Stores |
| 448140 | Family Clothing Stores |
| 448150 | Clothing Accessories Stores |
| 448190 | Other Clothing Stores |
| 448210 | Shoe Stores |
| 448310 | Jewelry Stores |
| 448320 | Luggage & Leather Goods Stores |
| Sporting Goods, Hobby, Book, and Music Stores | |
| 451110 | Sporting Goods Stores |
| 451120 | Hobby, Toy, & Game Stores |
| 451130 | Sewing, Needlework, & Piece Goods Stores |
| 451140 | Musical Instrument & Supplies Stores |
| 451211 | Book Stores |
| 451212 | News Dealers & Newsstands |
| 451220 | Prerecorded Tape, Compact Disc, & Record Stores |

| | |
|-----------------------------------|----------------------------------|
| General Merchandise Stores | |
| 452110 | Department stores |
| 452900 | Other General Merchandise Stores |

| | |
|--------------------------------------|-------------------------------------------------------------------------------------|
| Miscellaneous Store Retailers | |
| 453110 | Florists |
| 453210 | Office Supplies & Stationery Stores |
| 453220 | Gift, Novelty, & Souvenir Stores |
| 453310 | Used Merchandise Stores |
| 453910 | Pet & Pet Supplies Stores |
| 453920 | Art Dealers |
| 453930 | Manufactured (Mobile) Home Dealers |
| 453990 | All Other Miscellaneous Store Retailers (including tobacco, candle, & trophy shops) |

| | |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Nonstore Retailers | |
| 454110 | Electronic Shopping & Mail-Order Houses |
| 454210 | Vending Machine Operators |
| 454311 | Heating Oil Dealers |
| 454312 | Liquefied Petroleum Gas (Bottled Gas) Dealers |
| 454319 | Other Fuel Dealers |
| 454390 | Other Direct Selling Establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers) |

Transportation and Warehousing

| | |
|--------------------------------------------|----------------------|
| Air, Rail, and Water Transportation | |
| 481000 | Air Transportation |
| 482110 | Rail Transportation |
| 483000 | Water Transportation |

| | |
|-----------------------------|-----------------------------------------|
| Truck Transportation | |
| 484110 | General Freight Trucking, Local |
| 484120 | General Freight Trucking, Long-distance |
| 484200 | Specialized Freight Trucking |

| | |
|----------------------------------------------------|-------------------------------------------------|
| Transit and Ground Passenger Transportation | |
| 485110 | Urban Transit Systems |
| 485210 | Interurban & Rural Bus Transportation |
| 485310 | Taxi Service |
| 485320 | Limousine Service |
| 485410 | School & Employee Bus Transportation |
| 485510 | Charter Bus Industry |
| 485990 | Other Transit & Ground Passenger Transportation |

| | |
|--------------------------------|-------------------------|
| Pipeline Transportation | |
| 486000 | Pipeline Transportation |

| | |
|------------------------------------------------|-------------------------------------|
| Scenic & Sightseeing Transportation | |
| 487000 | Scenic & Sightseeing Transportation |

| | |
|----------------------------------------------|--------------------------------------------------|
| Code | |
| Support Activities for Transportation | |
| 488100 | Support Activities for Air Transportation |
| 488210 | Support Activities for Rail Transportation |
| 488300 | Support Activities for Water Transportation |
| 488410 | Motor Vehicle Towing |
| 488490 | Other Support Activities for Road Transportation |
| 488510 | Freight Transportation Arrangement |
| 488990 | Other Support Activities for Transportation |

| | |
|--------------------------------|-----------------------------------|
| Couriers and Messengers | |
| 492110 | Couriers |
| 492210 | Local Messengers & Local Delivery |

| | |
|--------------------------------|-------------------------------------------------------------------------------|
| Warehousing and Storage | |
| 493100 | Warehousing & Storage (except lessors of miniwarehouses & self-storage units) |

Information

| | |
|------------------------------------------------|-------------------------------------|
| Publishing Industries (except Internet) | |
| 511110 | Newspaper Publishers |
| 511120 | Periodical Publishers |
| 511130 | Book Publishers |
| 511140 | Directory & mailing list Publishers |
| 511190 | Other Publishers |
| 511210 | Software Publishers |

| | |
|------------------------------------------------------|---------------------------------------------------------|
| Motion Picture and Sound Recording Industries | |
| 512100 | Motion Picture & Video Industries (except video rental) |
| 512200 | Sound Recording Industries |

| | |
|---------------------------------------|----------------------------------------|
| Broadcasting (except Internet) | |
| 515100 | Radio & Television Broadcasting |
| 515210 | Cable & Other Subscription Programming |

| | |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Telecommunications | |
| 517000 | Telecommunications (including paging, cellular, satellite, cable & other program distribution, resellers, & other telecommunications & internet service providers) |

| | |
|---------------------------------|----------------------------------------------|
| Data Processing Services | |
| 518210 | Data Processing, Hosting, & Related Services |

| | |
|-----------------------------------|--------------------------------------------------------------------------------------------------------|
| Other Information Services | |
| 519100 | Other Information Services (including news syndicates & libraries, internet publishing & broadcasting) |

Finance and Insurance

| | |
|-----------------------------------------|----------------------------------------|
| Depository Credit Intermediation | |
| 522110 | Commercial Banking |
| 522120 | Savings Institutions |
| 522130 | Credit Unions |
| 522190 | Other Depository Credit Intermediation |

| | |
|--------------------------------------------|---------------------------------------------------------------|
| Nondepository Credit Intermediation | |
| 522210 | Credit Card Issuing |
| 522220 | Sales Financing |
| 522291 | Consumer Lending |
| 522292 | Real Estate Credit (including mortgage bankers & originators) |
| 522293 | International Trade Financing |
| 522294 | Secondary Market Financing |
| 522298 | All Other Nondepository Credit Intermediation |

| | |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Activities Related to Credit Intermediation | |
| 522300 | Activities Related to Credit Intermediation (including loan brokers, checks, clearing, & money transmitting) |

| | |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Code | |
| Securities, Commodity Contracts, and Other Financial Investments and Related Activities | |
| 523110 | Investment Banking & Securities Dealing |
| 523120 | Securities Brokerage |
| 523130 | Commodity Contracts Dealing |
| 523140 | Commodity Contracts Brokerage |
| 523210 | Securities & Commodity Exchanges |
| 523900 | Other Financial Investment Activities (including portfolio management & investment advice) |

| | |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Insurance Carriers and Related Activities | |
| 524140 | Direct Life, Health, & Medical Insurance & Reinsurance Carriers |
| 524150 | Direct Insurance & Reinsurance (except Life, Health, & Medical) Carriers |
| 524210 | Insurance Agencies & Brokerages |
| 524290 | Other Insurance Related Activities (including third-party administration of insurance and pension funds) |

| | |
|----------------------------------------------------|-----------------------------------------------------------------------------------|
| Funds, Trusts, and Other Financial Vehicles | |
| 525100 | Insurance & Employee Benefit Funds |
| 525910 | Open-End Investment Funds (Form 1120-RIC) |
| 525920 | Trusts, Estates, & Agency Accounts |
| 525990 | Other Financial Vehicles (including mortgage REITs & closed-end investment funds) |

"Offices of Bank Holding Companies" and "Offices of Other Holding Companies" are located under **Management of Companies (Holding Companies)** below.

Real Estate and Rental and Leasing

| | |
|--------------------|--------------------------------------------------------------------------------------|
| Real Estate | |
| 531110 | Lessors of Residential Buildings & Dwellings (including equity REITs) |
| 531114 | Cooperative Housing (including equity REITs) |
| 531120 | Lessors of Nonresidential Buildings (except Miniwarehouses) (including equity REITs) |
| 531130 | Lessors of Miniwarehouses & Self-Storage Units (including equity REITs) |
| 531190 | Lessors of Other Real Estate Property (including equity REITs) |
| 531210 | Offices of Real Estate Agents & Brokers |
| 531310 | Real Estate Property Managers |
| 531320 | Offices of Real Estate Appraisers |
| 531390 | Other Activities Related to Real Estate |

| | |
|------------------------------------|----------------------------------------------------------------|
| Rental and Leasing Services | |
| 532100 | Automotive Equipment Rental & Leasing |
| 532210 | Consumer Electronics & Appliances Rental |
| 532220 | Formal Wear & Costume Rental |
| 532230 | Video Tape & Disc Rental |
| 532290 | Other Consumer Goods Rental |
| 532310 | General Rental Centers |
| 532400 | Commercial & Industrial Machinery & Equipment Rental & Leasing |

| | |
|-----------------------------------------------------------------------------|----------------------------------------------------------------------|
| Lessors of Nonfinancial Intangible Assets (except copyrighted works) | |
| 533110 | Lessors of Nonfinancial Intangible Assets (except copyrighted works) |

Code
Professional, Scientific, and Technical Services

Legal Services
541110 Offices of Lawyers
541190 Other Legal Services
Accounting, Tax Preparation, Bookkeeping, and Payroll Services
541211 Offices of Certified Public Accountants
541213 Tax Preparation Services
541214 Payroll Services
541219 Other Accounting Services

Architectural, Engineering, and Related Services

541310 Architectural Services
541320 Landscape Architecture Services
541330 Engineering Services
541340 Drafting Services
541350 Building Inspection Services
541360 Geophysical Surveying & Mapping Services
541370 Surveying & Mapping (except Geophysical) Services
541380 Testing Laboratories

Specialized Design Services
541400 Specialized Design Services (including interior, industrial, graphic, & fashion design)

Computer Systems Design and Related Services

541511 Custom Computer Programming Services
541512 Computer Systems Design Services
541513 Computer Facilities Management Services
541519 Other Computer Related Services

Other Professional, Scientific, and Technical Services

541600 Management, Scientific, & Technical Consulting Services
541700 Scientific Research & Development Services
541800 Advertising & Related Services
541910 Marketing Research & Public Opinion Polling
541920 Photographic Services
541930 Translation & Interpretation Services
541940 Veterinary Services
541990 All Other Professional, Scientific, & Technical Services

Management of Companies (Holding Companies)

551111 Offices of Bank Holding Companies
551112 Offices of Other Holding Companies

Administrative and Support and Waste Management and Remediation Services

Administrative and Support Services
561110 Office Administrative Services
561210 Facilities Support Services
561300 Employment Services
561410 Document Preparation Services
561420 Telephone Call Centers
561430 Business Service Centers (including private mail centers & copy shops)
561440 Collection Agencies
561450 Credit Bureaus
561490 Other Business Support Services (including repossession services, court reporting, & stenotype services)

Code
561500 Travel Arrangement & Reservation Services
561600 Investigation & Security Services
561710 Exterminating & Pest Control Services
561720 Janitorial Services
561730 Landscaping Services
561740 Carpet & Upholstery Cleaning Services
561790 Other Services to Buildings & Dwellings
561900 Other Support Services (including packaging & labeling services, & convention & trade show organizers)

Waste Management and Remediation Services

562000 Waste Management & Remediation Services

Educational Services

611000 Educational Services (including schools, colleges, & universities)

Health Care and Social Assistance

Offices of Physicians and Dentists

621111 Offices of Physicians (except mental health specialists)
621112 Offices of Physicians, Mental Health Specialists
621210 Offices of Dentists

Offices of Other Health Practitioners

621310 Offices of Chiropractors
621320 Offices of Optometrists
621330 Offices of Mental Health Practitioners (except Physicians)
621340 Offices of Physical, Occupational & Speech Therapists, & Audiologists
621391 Offices of Podiatrists
621399 Offices of All Other Miscellaneous Health Practitioners

Outpatient Care Centers

621410 Family Planning Centers
621420 Outpatient Mental Health & Substance Abuse Centers
621491 HMO Medical Centers
621492 Kidney Dialysis Centers
621493 Freestanding Ambulatory Surgical & Emergency Centers
621498 All Other Outpatient Care Centers

Medical and Diagnostic Laboratories

621510 Medical & Diagnostic Laboratories

Home Health Care Services

621610 Home Health Care Services

Code
Other Ambulatory Health Care Services

621900 Other Ambulatory Health Care Services (including ambulance services & blood & organ banks)

Hospitals

622000 Hospitals

Nursing and Residential Care Facilities

623000 Nursing & Residential Care Facilities

Social Assistance

624100 Individual & Family Services
624200 Community Food & Housing, & Emergency & Other Relief Services
624310 Vocational Rehabilitation Services
624410 Child Day Care Services

Arts, Entertainment, and Recreation

Performing Arts, Spectator Sports, and Related Industries

711100 Performing Arts Companies
711210 Spectator Sports (including sports clubs & racetracks)
711300 Promoters of Performing Arts, Sports, & Similar Events
711410 Agents & Managers for Artists, Athletes, Entertainers, & Other Public Figures
711510 Independent Artists, Writers, & Performers

Museums, Historical Sites, and Similar Institutions

712100 Museums, Historical Sites, & Similar Institutions

Amusement, Gambling, and Recreation Industries

713100 Amusement Parks & Arcades
713200 Gambling Industries
713900 Other Amusement & Recreation Industries (including golf courses, skiing facilities, marinas, fitness centers, & bowling centers)

Accommodation and Food Services

Accommodation

721110 Hotels (except Casino Hotels) & Motels
721120 Casino Hotels (except casino hotels)
721191 Bed & Breakfast Inns
721199 All Other Traveler Accommodation
721210 RV (Recreational Vehicle) Parks & Recreational Camps
721310 Rooming & Boarding Houses

Code
Food Services and Drinking Places
722110 Full-Service Restaurants
722210 Limited-Service Eating Places
722300 Special Food Services (including food service contractors & caterers)
722410 Drinking Places (Alcoholic Beverages)

Other Services

Repair and Maintenance

811110 Automotive Mechanical & Electrical Repair & Maintenance
811120 Automotive Body, Paint, Interior, & Glass Repair
811190 Other Automotive Repair & Maintenance (including oil change & lubrication shops & car washes)
811210 Electronic & Precision Equipment Repair & Maintenance
811310 Commercial & Industrial Machinery & Equipment (except Automotive & Electronic) Repair & Maintenance
811410 Home & Garden Equipment & Appliance Repair & Maintenance
811420 Reupholstery & Furniture Repair
811430 Footwear & Leather Goods Repair
811490 Other Personal & Household Goods Repair & Maintenance

Personal and Laundry Services

812111 Barber Shops
812112 Beauty Salons
812113 Nail Salons
812190 Other Personal Care Services (including diet & weight reducing centers)
812210 Funeral Homes & Funeral Services
812220 Cemeteries & Crematories
812310 Coin-Operated Laundries & Drycleaners
812320 Drycleaning & Laundry Services (except Coin-Operated)
812330 Linen & Uniform Supply
812910 Pet Care (except Veterinary) Services
812920 Photofinishing
812930 Parking Lots & Garages
812990 All Other Personal Services
Religious, Grantmaking, Civic, Professional, and Similar Organizations (including condominium and homeowners associations)
813000 Religious, Grantmaking, Civic, Professional, & Similar Organizations

How to Get California Tax Information

(Keep This Page For Future Use)

Your Rights as a Taxpayer

Our goal at the FTB is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program, and how you can request written advice from the FTB on whether a particular transaction is taxable. See "Where to Get Tax Forms and Publications" below.

Where to Get Tax Forms and Publications

By Internet – You can download, view, and print California tax forms and publications at ftb.ca.gov.

Access other state agencies' websites at ca.gov.

By phone – To order California tax forms and publications, call our automated phone service. To order a form:

- Refer to the list in your tax booklet and find the code number for the form you want to order.
- Call 800.338.0505 and follow the instructions.

Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

In person – Many post offices and libraries provide free California personal income tax booklets during the filing season.

Employees at post offices and quick print businesses cannot provide tax information or assistance.

By mail – Write to:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

Letters

If you write to us, be sure your letter includes your federal employer identification number (FEIN), Secretary of State (SOS) file number, California corporation number, social security number (SSN) or individual taxpayer identification number (ITIN), your daytime and evening telephone numbers, and a copy of the notice (if applicable). Send your letter to:

CORRESPONDENCE, ANALYSIS, SUPPORT
AND EDUCATION SECTION MS F-283
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

We will respond to your letter within ten weeks. In some cases, we may need to call you for additional information.

Do not attach correspondence to your tax return unless the correspondence relates to an item on your tax return.

Internet and Telephone Assistance

Telephone assistance is available year-round from 7 a.m. until 5 p.m. Monday through Friday, except holidays. Hours subject to change.

Website: ftb.ca.gov
Telephone: 800.852.5711
from within the United States
916.845.6500
from outside the United States
TTY/TDD: 800.822.6268
for persons with hearing or
speech impairments

Asistencia Por Internet y Teléfono

Asistencia telefónica está disponible todo el año durante las 7 a.m. y las 5 p.m. lunes a viernes, excepto días festivos. Las horas están sujetas a cambios.

Sitio web: ftb.ca.gov
Teléfono: 800.852.5711
dentro de los Estados Unidos
916.845.6500
fuera de los Estados Unidos
TTY/TDD: 800.822.6268
personas con discapacidades
auditivas y del habla

MEA Contact Information

For business eligibility or zone related information, including questions regarding MEA geographic boundaries and vouchering, contact the the HCD or the local zone program manager in which the business is located. Go to hcd.ca.gov and search for **directory of zone contacts** for Directory of Economic Development Areas.

For information that is zone-specific but not tax-specific, contact the HCD at:

DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
ENTERPRISE ZONE PROGRAMS
1800 THIRD STREET SUITE 390
SACRAMENTO CA 95811

Mailing address

PO BOX 952054 MS 390-1
SACRAMENTO CA 94252-2054

Website: hcd.ca.gov

Telephone: 916.322.1554

Fax: 916.327.6660

or for tax-specific information contact:

FRANCHISE TAX BOARD
Website: ftb.ca.gov
Telephone: 916.845.3464