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FRANCHISE TAX BOARD

FTB Publication 1102

2001 Guidelines for Local Agency Military Base Recovery Area Tax Incentives



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What's New

Forms

For the 2001 tax year, a new form is available for nonresidents and part-year residents: Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. The Short Form 540NR is for nonresident and part-year resident taxpayers who have limited income sources and deductions. The Form 540NR name has been changed to Long Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

For taxable years beginning on or after January 1, 2001 and before January 1, 2003, farmers are allowed a deduction for losses sustained due to Pierce's Disease and its vectors. This loss may create an NOL, which is allowed to be carried forward for nine years at 100%. The NOL may be deducted only from income apportioned to the area affected by Pierce's Disease using a two-factor formula. For more information, see form FTB 3805D.

Bank and Corporation Tax Law vs. Corporation Tax Law

For taxable years beginning on or after January 1, 2001, The "Bank and Corporation Tax Law" (B&CTL) has been renamed as the "Corporation Tax Law" (CTL). The term "Bank" in the title is no longer needed because banks are included in the definition of a corporation.

New Local Agency Military Base Recovery Area (LAMBRA) Designations

The following areas received final designation from the California Technology, Trade and Commerce Agency (TTCA) in 2001:

- Tustin Marine Corps Air station in Tustin. The designation is effective from 9/1/01 until 8/31/09; and
- The city of San Diego's Naval Training Center (NTC) - Liberty Station for the former San Diego Naval Training Center. The designation is effective from 6/1/01 until 5/31/09.

Basis Adjustment

For purposes of recapturing the business expense deduction, Title 18 Cal. Code Reg. Sections 17267.2 and 24356.7 were adopted January 1, 2001. These regulations provide that as of the first day of the taxable year in which a recapture event occurs, the basis of the qualified property shall be increased by the recapture amount. The increase in basis is depreciated over the remaining useful life of the qualified property.

Federal/State Conformity

In general, California law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal law. California has not conformed to most of the changes made to the IRC by the federal Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206) and the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170). California has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (Public Law 106-519), the Consolidated Appropriations Act of 2001 (Public Law 106-554), and the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16).

Principal Business Activity

The FTB implemented the new Principal Business Activity (PBA) code chart that is based on the North American Industry Classification System (NAICS) published by the United States Office of Management and Budget, 1997 Edition. Accordingly, the PBA and NAICS codes are used for purposes of business classification. The PBA codes are listed on pages 10 through 12.

General Information

LAMBRA has been established to stimulate growth and development in areas that experience military base closures.

A LAMBRA provides four business-related tax incentives that are explained in this publication:

1. Credit for hiring qualified employees;
2. Credit for sales or use tax paid or incurred on qualified property;

3. Business expense deduction for the cost of qualified property; and
4. Net operating loss (NOL) carryover deduction.

This guide briefly explains the four business-related tax incentives to help investors and business operators understand the potential financial impact of each incentive and what must be done to take advantage of them. Detailed information about the methods used to compute allowable tax incentives can be found in FTB 3807, Local Agency Military Base Recovery Area Business Booklet.

LAMBRA tax incentives apply only to certain business transactions that are undertaken **after** a LAMBRA has received final designation. See page 9 for LAMBRA designation and expiration dates.

Note: To qualify for the LAMBRA tax incentives, a business must have a net increase of one or more jobs within the first two taxable years of commencing business within the LAMBRA. See Qualified Taxpayer Defined on page 8 for additional information.

Geographic Boundaries

Information about geographic boundaries of a LAMBRA, dates of designation, or other information not related to the tax incentives is available from:

ENTERPRISE ZONE PROGRAMS
CA TECHNOLOGY, TRADE AND
COMMERCE AGENCY
801 K STREET SUITE 1700
SACRAMENTO CA 95814
Telephone: (916) 324-8211
Fax: (916) 322-7214
Website: www.commerce.ca.gov

Hiring Credit

A qualified business may reduce the tax on LAMBRA business income by a percentage of qualified wages paid to one or more qualified employees.

A qualified employee is an employee who:

- Is hired after a former military base has been officially designated as a LAMBRA by the Technology Trade and Commerce Agency (TTCA) (see page 9 for LAMBRA designation and expiration dates);
- Spends at least 90% of work time, for the qualified employer, on activities directly related to the conduct of a trade or business located within the LAMBRA; and
- Performs at least 50% of the work, for the qualified employer, within the boundaries of the LAMBRA.

For taxable years beginning on or after January 1, 1999, a qualified employee must be:

- A civilian or military employee of a base or former base who has been displaced as a result of a federal base closure act; or
- Anyone who immediately before starting work for the employer was any of the following:
 1. A person who has been determined eligible for services under the federal Job Training Partnership Act (JTPA) or its successor;

2. A person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN) or its successor;
3. An economically disadvantaged individual 16 years of age or older;
4. A qualified dislocated worker;
5. An individual who is enrolled in or has completed a state rehabilitation plan;
6. A service-connected disabled veteran;
7. A veteran of the Vietnam era;
8. A veteran who recently separated from military service;
9. An ex-offender;
10. A person who is a recipient of:
 - Federal Supplemental Security Income (SSI);
 - Aid to Families with Dependent Children (AFDC);
 - Food stamps; or
 - State and local general assistance; or
11. A Native American.

Note: References to employee in this publication refer to a qualified disadvantaged individual.

Employers hiring qualified employees **must** get Form TCA EZ1, Local Agency Military Base Recovery Area Hiring Voucher, from the local agency responsible for verifying employees' eligibility. Contact the local LAMBRA coordinator for more information on the local agency and verification process. You may reach them at the California Technology, Trade and Commerce Agency at the previously listed address.

Qualified wages means the wages paid or incurred by the employer during the taxable year to employ a qualified employee. Qualified wages include only those wages paid while the LAMBRA designation is in effect.

Wages that qualify for the hiring credit are those wages paid to a qualified employee for the consecutive 60-month period beginning on the first date the employee 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.

You may claim up to 50% of the qualified wages paid to a qualified employee as a credit against tax imposed on LAMBRA business income. The chart below shows the actual percentage of qualified wages paid that may be claimed as a hiring credit.

Period of employment	Credit allowed on qualified wages paid
1st 12 months	50%
2nd 12 months	40%
3rd 12 months	30%
4th 12 months	20%
5th 12 months	10%
After 60 months	0%

The hiring credit is based on the smaller of the actual hourly wage paid or 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 LAMBRA hiring credit. Effective January 1, 2001, the established minimum wage is \$6.25 per hour. For purposes of computing the LAMBRA hiring credit, 150% of the minimum wage is \$9.37 per hour.

The chart below lists the amount of minimum hourly wage, the period it is effective, and the maximum hourly wage allowed for the hiring credit.

Wages paid or incurred during the following time periods:	Minimum wage	150% of the minimum wage
2/29/98 to 12/31/00	\$5.75	\$8.62
Effective 1/1/01	\$6.25	\$9.37
Effective 1/1/02	\$6.75	\$10.12

Example 1: On January 1, 2000, you hired a qualified employee who worked 2,080 hours in your LAMBRA business for two consecutive years. You paid this qualified employee minimum wage to work at your business. Your business has a June 30 fiscal year end. Your hiring credit for the year ending June 30, 2000, is computed as follows:

Step 1: 1/1/00 to 6/30/00 - 1040 hours x \$5.75 = \$5,980
 Step 2: \$5,980 x 50% (.50) = \$2,990
 Your total hiring credit for fiscal year ending June 30, 2000, is \$2,990.

Example 2: Use the same facts as above except that the qualified employee is earning \$9.00 an hour beginning January 1, 2001. Your hiring credit for the second taxable year ending June 30, 2001, is computed as follows:

Step 1: 7/1/00 to 12/31/00 - 1040 hours x \$5.75 = \$5,980
 Step 2: \$5,980 x 50% (.50) = \$2,990
 Step 3: 1/1/01 to 6/30/01 - 1040 hours x \$9.00 = \$9,360
 Step 4: \$9,360 x 40% (.40) = \$3,744
 Step 5: \$2,990 + \$3,744 = \$6,734
 Your total hiring credit for fiscal year ending June 30, 2001, is \$6,734.

Limitations

- Qualified wages paid by the employer, during each qualified year one through five, used to compute this credit cannot exceed \$2 million for each taxable year.
- The business must reduce any deduction for wages by the amount of this credit.
- The amount of LAMBRA credits (sales or use tax credit, hiring credit, and credit carryovers from earlier years) claimed for any taxable year may not exceed the amount of tax that would be imposed on the income earned solely from your business activities in the LAMBRA.

- In the case where the employer is qualified to take the LAMBRA hiring credit as well as another credit for the same wage expense, the business may only claim one credit for that wage expense.
- The credit cannot reduce the minimum franchise tax, (corporations and S corporations), annual tax (partnerships, LLCs classified as partnerships, and QSubs), the alternative minimum tax, (corporations, exempt organizations, individuals, fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations). In addition, the credit may not reduce regular tax below tentative minimum tax.

Credit Carryover

If the amount of the hiring credit is greater than the tax attributable to the LAMBRA business income in any year, the excess credit may be carried over to future years to offset tax on LAMBRA business income until exhausted.

Credit Recapture

The employer must recapture the amount of credit attributable to an employee's wages if the employer terminates the employee any time during the longer of the following two periods:

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

Employers of seasonal employees must recapture the amount of credit attributable to a seasonal employee's wage if the employer terminates employment before the completion of 270 days of employment during the 60-month period beginning the day the employee commences employment with the employer.

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

The employer must add back 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.

Credit recapture is not required if the termination was:

- Voluntary on the part of the employee;
- Caused by the employee becoming disabled;
- Due to employee misconduct;
- Due to a substantial reduction in business; or
- Carried out so that other qualified individuals could be hired, creating a net increase in the number of qualified employees and their hours of employment.

Job Creation Required

In addition to the credit recapture and exception rules previously listed, if at the close of the second taxable year of operating within the LAMBRA, the taxpayer does not have a net increase of one or more jobs in this state and one or more employees working within the LAMBRA during each of the taxable years (see Determining the Net Increase in Jobs on pages 8 and 9), the amount of

the LAMBRA hiring credit previously claimed must be added back to the taxpayer's tax for the second taxable year and the taxpayer is no longer eligible for the LAMBRA incentives.

There are no exceptions to this recapture rule. See the Qualified Taxpayer Defined on page 8 for additional information about the net increase in jobs requirement.

Record Keeping

Retain a copy of Form TCA EZ1 to substantiate an employee's eligibility as a "qualified employee." In addition, for each qualified employee, keep a schedule of employment showing:

- Employee's name;
- Date the employee was hired;
- 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;
- Records of any other federal or state subsidies received for hiring the qualified employee;
- Total qualified wages per month for each month of employment; and
- Location of the employee's job site and the duties performed.

Note: Keep the above information for the life of the hiring credit.

Sales or Use Tax Credit

LAMBRA businesses may reduce tax on the LAMBRA business income by the amount of sales or use tax paid or incurred on qualified property purchased for exclusive use in the LAMBRA. In any taxable year, individuals may claim a credit equal to the sales or use tax paid or incurred on the first \$1 million of qualified property. In any year corporations may claim a credit equal to the sales or use tax paid or incurred on the first \$20 million of qualified property.

To qualify for the credit, the qualified property must be:

- High technology equipment including, but not limited to, computers and electronic processing equipment;
- Aircraft maintenance equipment including, but not limited to, engine stands, hydraulic mules, power carts, test equipment, handtools, and aircraft start carts and tugs;
- Aircraft components including, but not limited to, engines, fuel control units, hydraulic pumps, avionics, starts, wheels, and tires; or
- Any property that is Section 1245 property, as defined in IRC Section 1245(a)(3).

You must use the property **exclusively** within the boundaries of a LAMBRA.

If you purchase property manufactured outside of California and claim the credit for the use tax paid or incurred, you will be allowed the credit only if property of a comparable quality and price was not available for timely purchase and delivery from a California manufacturer.

Limitations

- The amount of LAMBRA credits (sales or use tax credit, hiring credit, and credit carryovers from earlier years) claimed for any year may not exceed the amount of tax that would be imposed on the income earned solely from your LAMBRA business activities.
- If you claim the sales or use tax credit, you may not increase the basis of property by the amount of the sales or use tax paid or incurred.
- In the case where the business is qualified to take the LAMBRA sales or use tax credit as well as another credit for the same piece of property, the business may only claim one credit.
- The credit cannot reduce the minimum franchise tax, (corporations and S corporations), annual tax (partnerships, LLCs classified as partnerships, and QSubs), the alternative minimum tax (corporations, exempt organizations, individuals, fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations). In addition, the credit may not reduce regular tax below tentative minimum tax.

Example 3: You spend \$50,000 to purchase airplane repair equipment. The sales tax paid for the purchase is \$3,000. You may reduce the amount of your tax imposed on LAMBRA business income by up to \$3,000. If you cannot claim the full \$3,000 in a single taxable year, you may carry over the remaining amount to reduce next year's tax imposed on LAMBRA business income.

Credit Carryover

If the amount of sales or use tax credit is greater than the tax on LAMBRA business income in any taxable year, the excess credit can be carried over to future years to offset tax on LAMBRA business income until exhausted.

Claiming Both Hiring Credit and Sales or Use Tax Credit

Taxpayers who claim both credits available to LAMBRA businesses (the sales or use tax credit and the credit for hiring qualified employees) may not claim a total credit amount that exceeds the tax imposed on LAMBRA business income for any one taxable year. However, credits that exceed this amount may be carried over to offset tax imposed on LAMBRA business income in subsequent years.

Credit Recapture

- The full amount of the credit must be recaptured (added back to tax) if the qualified property is disposed of or is no longer used in the LAMBRA before the close of the second taxable year beginning after the property was first placed into service.
- In addition, if at the close of the second taxable year of operating within the LAMBRA, the taxpayer does not have a net increase of one or more jobs in this state and one or more employees working within the LAMBRA during each of the taxable years, the amount of the LAMBRA sales or use tax credit previously

claimed must be added back to the taxpayer's tax for the second taxable year and the taxpayer is no longer eligible for the LAMBRA incentives.

Record Keeping

To support the sales or use tax credit claimed on your tax return, keep all records that document the purchase of the property, such as the sales receipt and proof of payment. Also keep all records that identify or describe:

- The property purchased (such as serial numbers, etc.);
- The amount of sales or use tax paid or incurred on the purchase;
- The location where the property is used; and
- If purchased from a manufacturer located outside California, records to substantiate that property of comparable quality and price was not available for timely purchase and delivery from a California manufacturer.

Business Expense Deduction

The cost of qualified property purchased for exclusive use in a LAMBRA may be deducted as a business expense in the first year the property is placed in service in the LAMBRA.

The type of property that qualifies for this special treatment is tangible personal property (not real estate) that is used for business purposes and is eligible for depreciation. This includes most equipment and furnishings purchased for exclusive use in the LAMBRA, but not office supplies or other small items that are normally ineligible for depreciation.

For taxable years beginning on or after January 1, 1999, the maximum business expense deduction for all qualified property is the smaller of 40% of the cost of the qualified property or the following amounts, based on when the property was placed in service.

	Maximum deduction
Taxable year of designation	\$40,000
First taxable year after designation	\$40,000
Second taxable year after designation	\$30,000
Third taxable year after designation	\$30,000
Each remaining taxable year after designation	\$20,000

Note: See page 9 for LAMBRA designation dates

An election to treat the cost of qualified property as a business expense must be made in the year the property is first placed in service. An election is made by using form FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary, (filed with the California return) and claiming the deduction on the original return for the year the property is placed in service. The election is revocable only upon the written consent of the FTB.

However, this deduction is not allowed if the property was:

- Transferred between members of an affiliated group;
- Acquired as a gift or inherited;

- Traded or exchanged for other property;
- Received from a personal or business relation as defined in IRC Section 267 or 707(b);
- Described in IRC Section 168(f); or
- Purchased by an estate or trust.

Depreciation

- The deduction allowed under IRC Section 179 relating to an election to expense certain depreciable business assets cannot be claimed if the taxpayer elects the LAMBRA business expense deduction.
- Corporations may not claim additional first-year depreciation under California Revenue and Taxation Code Section 24356, if the taxpayer elects the business expense deduction.
- Depreciation on the cost of the property in excess of the amount deducted may be claimed using any method of depreciation normally allowed.

Example 4: Three months after the location where you do business has been designated a LAMBRA, you purchase a baking oven that costs \$20,000. You depreciate the oven over a 10-year period using the straight-line method. The LAMBRA business expense deduction you may claim is \$8,000 (\$20,000 x 40%). You may also claim the normal \$100 of depreciation that is allowed for each month the oven was in service during the taxable year. $(\$20,000 - \$8,000) \div 120 \text{ months} = \100 per month

Deduction Recapture

- The full amount of the deduction must be included in income if the property is no longer used in a LAMBRA before the close of the second taxable year beginning after the property was first placed in service in the LAMBRA.
- In addition, if at the close of the second taxable year of operating within the LAMBRA, the taxpayer does not have a net increase of one or more jobs in this state and one or more employees working within the LAMBRA during each of the taxable years, the amount of the LAMBRA business expense deduction previously claimed must be added back to the taxpayer's income for the taxpayer's second taxable year and the taxpayer is no longer eligible for the LAMBRA incentives.

Basis Adjustment: As of the first day of the taxable year in which the recapture event occurs, the recapture amount is added back to the basis in the year of recapture and then depreciated over the remaining life of the qualified property.

Record Keeping

You should maintain information that will allow you to substantiate your claim for the first-year business expense deduction. The records for each item should show (at least):

- The property description and purchase price;
- The date the property was first placed in service in the LAMBRA; and
- The location where the property is used.

Net Operating Loss (NOL) Carryover Deduction

NOLs of individuals or corporations doing business in a LAMBRA may be carried over to future years to reduce the amount of taxable LAMBRA business income for those years. The NOL carryover is determined by computing the business loss that results strictly from business activity in the LAMBRA. The LAMBRA property and payroll factors used to determine the apportioned business NOL include worldwide amounts in the denominator. You may carry over 100% of the business loss from your LAMBRA activity until exhausted or for a period not to exceed 15 years from the taxable year the NOL is generated.

Election

If you qualify to claim more than one type of NOL, you must make an irrevocable election as to which type of NOL you claim. This election must be made on the original return for the year of the loss and be filed by the original or extended due date of the return.

For more information regarding other types of NOLs, see the following forms or worksheets:

- FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts;
- FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Corporations;
- FTB 3805D, Net Operating Loss (NOL) Computation and Limitation – Pierce's Disease
- FTB 3805Z, Enterprise Zone Business Booklet, Worksheet VI; and
- FTB 3809, Targeted Tax Area Business Booklet, Worksheet V.

Limitations

- LAMBRA NOL carryovers are allowed only for losses occurring in a year beginning on or after the date the area is designated as a LAMBRA and before the LAMBRA designation expires. (See page 9 for LAMBRA designation and expiration dates.)
- Financial institutions using bad debt reserve methods may carry over the LAMBRA NOL for a maximum of five taxable years.
- A LAMBRA NOL may not be applied to years prior to the year in which the LAMBRA NOL occurred (no carrybacks).

Example 5: For your 2000 taxable year, the business activities in the LAMBRA show a \$5,000 NOL that is the exclusive result of your LAMBRA business activity. Because of the loss, you owe no tax on LAMBRA business income. In 2001, your LAMBRA business activity shows taxable income of \$8,000. You may carry over the 2000 \$5,000 NOL to reduce your LAMBRA business taxable income for 2001 to \$3,000.

Record Keeping

To support your claim of LAMBRA NOL carryover on your California tax return, you should maintain (at least):

- Records showing the date your business activities began in the LAMBRA;
- Accounting records showing that the loss was the result of business activity in the LAMBRA; and
- Financial data indicating that the income offset by the LAMBRA NOL carryover is the product of business activity in the LAMBRA.

Determination of LAMBRA Income or LAMBRA Tax

For businesses operating within and outside a LAMBRA, the amount of credit and NOL deduction you may claim on your California tax return is limited by the amount of tax or income attributable to business activities in a LAMBRA. For taxable years beginning on or after January 1, 1998, the formula used to determine the

amount of tax or income attributable to a LAMBRA is based on the total amount of LAMBRA property and payroll compared to the total amount of California property and payroll of the business.

Below are examples of doing business within and outside of a LAMBRA:

Example 6: You have a factory located in a LAMBRA and you also have a factory located outside a LAMBRA. In this situation, you would be required to use the formula.

Example 7: You have employees who perform substantial services within a LAMBRA, and you have other employees who perform substantial services outside a LAMBRA. In this situation, you would be required to use the formula.

If you are doing business within and outside a LAMBRA, or in more than one LAMBRA, get form FTB 3807 business booklet for more information about the formula. Refer to Part IV, Doing Business Totally Within a LAMBRA, Within and Outside a LAMBRA, or in More Than One LAMBRA.

Net Jobs Worksheet – Example:

A Corporation employs four individuals prior to establishing operations in the LAMBRA on January 1, 1998. The following is the employment information for the employees for the taxable year prior to operating in the LAMBRA:

- Employee #1: Salaried, employed for 12 months.
- Employee #2: Hourly, full-time; worked 2,080 hours per year.
- Employee #3: Hourly, part-time; worked 1,500 hours per year.
- Employee #4: Hourly, part-time; worked 1,500 hours per year.

The corporation moves its entire operations within the LAMBRA on January 1, 1998. At the end of the first taxable year of operation within the LAMBRA, the corporation employed the following individuals:

- Employee #1: Salaried, employed for 24 months.
- Employee #2: Hourly, full-time; worked 2,080 hours during the year.
- Employee #3: Hourly, part-time; worked 2,000 hours during the year.
- Employee #4: Hourly, part-time; worked 1,600 hours during the year.
- Employee #5: Hourly, part-time; worked 1,600 hours during the year.

At the end of the second taxable year of operation in the LAMBRA, the corporation employed the following individuals:

- Employee #1: Salaried, employed for 36 months.
- Employee #2: Hourly, full-time; worked 2,080 hours during the year.
- Employee #3: Hourly, part-time; worked 2,000 hours during the year.
- Employee #4: Hourly, part-time; worked 1,700 hours during the year.
- Employee #5: Hourly, part-time; worked 1,900 hours during the year.

The worksheet would be completed as follows:

	(a) Taxable year prior to operating in the LAMBRA	(b) 2nd taxable year after starting operations in the LAMBRA
1 Enter the total number of hours worked within the California by hourly employees during the taxable year in column (a) and column (b). The total hours per employee cannot exceed 2,000. If your only business in California began with your LAMBRA business, enter zero in column (a) of line 1	5,000 ^a	7,600 ^b
2 Divide line 1 of each column by 2,000	2.5	3.8
3 Enter the total number of months worked within California by salaried employees. The total months per salaried employee cannot exceed 12	12 ^d	12 ^d

Net Jobs Worksheet – Example (continued):

4	Divide line 3 of each column by 12	<u>1</u>	<u>1</u>
5	Add line 2 and line 4 of each column	<u>3.5</u>	<u>4.8</u>
6	Subtract line 5, column (a) from line 5, column (b) <u>1.3</u>		

Enter the amount from line 6 on form FTB 3807, Part I, line 1a.

Note: If the amount on line 6 is equal to or greater than one, then continue to line 7. If the amount on line 6 is less than one, your business **does not** qualify for the LAMBRA tax incentives and you **must** recapture (in the current year) any LAMBRA credits or deductions that were previously taken.

	(a) 1st taxable year after starting operations in the LAMBRA	(b) 2nd taxable year after starting operations in the LAMBRA	
7	Enter the total number of hours worked within the LAMBRA by hourly employees during the taxable year in column (a) and column (b). The total hours per employee cannot exceed 2,000	<u>7,200^d</u>	<u>7,600^b</u>
8	Divide line 7 of each column by 2,000	<u>3.6</u>	<u>3.8</u>
9	Enter the total number of months worked within the LAMBRA by salaried employees. The total months per salaried employee cannot exceed 12	<u>12^d</u>	<u>12^d</u>
10	Divide line 9 of each column by 12	<u>1</u>	<u>1</u>
11	Add line 8 and line 10 of each column	<u>4.6</u>	<u>4.8</u>

Enter the amount from line 11, column (a) on form FTB 3807, Part I, line 1b. Enter the amount from line 11, column (b) on form FTB 3807, Part I, line 1c.

Note: If the amount on line 11, column (a) or column (b) is equal to or greater than one, your business qualifies for the LAMBRA tax incentives. If the amount on line 11, column (a) or line 11, column (b) is less than one, your business **does not** qualify for the LAMBRA tax incentives and you **must** recapture (in the current year) any LAMBRA credits or deductions that were previously taken.

Calculation Legend

<p>a</p> <table border="0"> <tr><td>Employee #2</td><td>2,000</td></tr> <tr><td>Employee #3</td><td>1,500</td></tr> <tr><td>Employee #4</td><td><u>1,500</u></td></tr> <tr><td></td><td>5,000</td></tr> </table>	Employee #2	2,000	Employee #3	1,500	Employee #4	<u>1,500</u>		5,000	<p>b</p> <table border="0"> <tr><td>Employee #2</td><td>2,000</td></tr> <tr><td>Employee #3</td><td>2,000</td></tr> <tr><td>Employee #4</td><td>1,700</td></tr> <tr><td>Employee #5</td><td><u>1,900</u></td></tr> <tr><td></td><td>7,600</td></tr> </table>	Employee #2	2,000	Employee #3	2,000	Employee #4	1,700	Employee #5	<u>1,900</u>		7,600	<p>c</p> <table border="0"> <tr><td>Employee #2</td><td>2,000</td></tr> <tr><td>Employee #3</td><td>2,000</td></tr> <tr><td>Employee #4</td><td>1,600</td></tr> <tr><td>Employee #5</td><td><u>1,600</u></td></tr> <tr><td></td><td>7,200</td></tr> </table>	Employee #2	2,000	Employee #3	2,000	Employee #4	1,600	Employee #5	<u>1,600</u>		7,200	<p>d</p> <p>Employee #1</p>
Employee #2	2,000																														
Employee #3	1,500																														
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	7,200																														

Qualified Taxpayer Defined

For LAMBRA, a qualified taxpayer means a taxpayer that conducts a trade or business within a LAMBRA and, for the first two taxable years, has a net increase in jobs in this state and one or more employees working within the LAMBRA during each of the taxable years.

Determining the Net Increase in Jobs

The net increase in the number of jobs is determined by applying two tests:

The first test requires a taxpayer to subtract the number of full-time employees (defined as 2,000 paid hours per employee per year) employed in this state in the taxable year prior to commencing business operations in the LAMBRA from the total number of full-time employees employed in this state during the second taxable year after commencing business operations in the LAMBRA.

- For taxpayers that commence doing business in this state with their LAMBRA business operation, the number of employees for the taxable year prior to commencing business operations in the LAMBRA shall be zero.

If the first test is met, the credit is allowed only if the second test is met, i.e. if one or more full-time employees are employed within the LAMBRA.

To determine the first test of the net increase in jobs requirement, the following formula is used:

- The total number of hours worked in this state, by the taxpayer's CA employees (not to exceed 2,000 hours per employee) who are paid an hourly wage, divided by 2,000, plus,
- The total number of months worked in this state, by the taxpayer's CA employees who are salaried employees, divided by 12.

NOTE: For taxpayers that first commence doing business in the LAMBRA during the taxable year, the divisors “2,000” and “12” shall be multiplied by a fraction, the numerator of which is the number of months of the taxable year that the taxpayer was doing business in the LAMBRA and the denominator of which is 12.

If your business has a net increase in jobs for the first two taxable years after commencing business operations in the LAMBRA, you must also employ one or more full-time employees within the LAMBRA in each year.

To determine the second test of the net increase in jobs requirement, the following formula is used:

- The total number of hours worked in this state, by the taxpayer’s LAMBRA employees (not to exceed 2,000 hours per employee) who are paid an hourly wage, divided by 2,000, plus,
- The total number of months worked in this state, by the taxpayer’s LAMBRA employees who are salaried employees, divided by 12.

New Business

For taxpayers that began doing business in California with their LAMBRA operation, the number of employees from the taxable year prior to commencing business operations in the LAMBRA is zero.

For taxpayers that began business during the taxable year, the prior year employment information is prorated and the formula shown previously is modified by multiplying the denominators (2,000 and 12) by a fraction equal to the number of months the taxpayer was doing business in the LAMBRA divided by 12.

Example 8: Y Corp. is a calendar year taxpayer that employed four individuals prior to establishing operations in a LAMBRA on July 1, 2001.

Employee #1 was salaried and employed for six months. Employee #2 was part-time and worked 900 hours. Employees #3 and #4 were part-time and worked 750 hours.

Total employees employed at the beginning of operations in the LAMBRA equal:

Employee #2 –	900
Employee #3 –	750
Employee #4 –	750
<u>wage employees</u>	<u>2400</u>
2000 x (6 mos./12)	1000
	= 2.40

PLUS

Number of months for salaried employees	Employee #1 –	$\frac{6}{6} = 1.00$
12 x (6 mos./12)		<u>3.40</u>
Total employees, beginning		

LAMBRA Locations, Designations, and Expiration Dates

LAMBRA tax incentives apply only to business activities and investments that are undertaken after the LAMBRA has received final designation. Accordingly, certain costs paid or incurred on or after the designated dates, by businesses operating in these LAMBRA may qualify for LAMBRA tax incentives.

Note: The designation of the LAMBRA is for an eight-year period pursuant to California Government Codes Sections 7105-7117.

LAMBRA	Designation Date	Expiration Date
Southern California International Airport (Formerly George Air Force Base)	02/01/1996	01/31/2004
Castle Air Force Base	06/01/1996	05/31/2004
Mare Island Naval Base	01/01/1999	12/31/2006
San Bernardino International Airport & Trade Center (Norton Air Force Base)	04/01/2000	03/31/2008
Alameda Naval Air Station	06/01/2000	05/31/2008
Mather Field/McClellan Park	07/01/2000	06/30/2008
Tustin Marine Corps Air Station	09/01/2001	08/31/2008
Liberty Station (former San Diego Naval Training Center (NTC))	06/01/2001	05/31/2009

Codes for Principal Business Activity

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.

Agriculture, Forestry, Fishing and Hunting

Code

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 Animal 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

Construction

Code

Building, Developing, and General Contracting

- 233110 Land Subdivision & Land Development
- 233200 Residential Building Construction
- 233300 Nonresidential Building Construction

Heavy Construction

- 234100 Highway, Street, Bridge, & Tunnel Construction
- 234900 Other Heavy Construction

Special Trade Contractors

- 235110 Plumbing, Heating, & Air-Conditioning Contractors
- 235210 Painting & Wall Covering Contractors
- 235310 Electrical Contractors
- 235400 Masonry, Drywall, Insulation, & Tile Contractors
- 235500 Carpentry & Floor Contractors
- 235610 Roofing, Siding, & Sheet Metal Contractors
- 235710 Concrete Contractors
- 235810 Water Well Drilling Contractors
- 235900 Other Special Trade Contractors

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

Code

- 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

Code

- 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

Wholesale Trade, Durable Goods

- 421100 Motor Vehicle & Motor Vehicle Parts & Supplies Wholesalers
- 421200 Furniture & Home Furnishing Wholesalers
- 421300 Lumber & Other Construction Materials Wholesalers
- 421400 Professional & Commercial Equipment & Supplies Wholesalers
- 421500 Metal & Mineral (except Petroleum) Wholesalers
- 421600 Electrical Goods Wholesalers
- 421700 Hardware, & Plumbing & Heating Equipment & Supplies Wholesalers
- 421800 Machinery, Equipment, & Supplies Wholesalers
- 421910 Sporting & Recreational Goods & Supplies Wholesalers
- 421920 Toy & Hobby Goods & Supplies Wholesalers
- 421930 Recyclable Material Wholesalers
- 421940 Jewelry, Watch, Precious Stone, & Precious Metal Wholesalers
- 421990 Other Miscellaneous Durable Goods Wholesalers

Code
Wholesale Trade, Nondurable Goods
422100 Paper & Paper Product Wholesalers
422210 Drugs & Druggists' Sundries Wholesalers
422300 Apparel, Piece Goods, & Notions Wholesalers
422400 Grocery & Related Product Wholesalers
422500 Farm Product Raw Material Wholesalers
422600 Chemical & Allied Products Wholesalers
422700 Petroleum & Petroleum Products Wholesalers
422800 Beer, Wine, & Distilled Alcoholic Beverage Wholesalers
422910 Farm Supplies Wholesalers
422920 Book, Periodical, & Newspaper Wholesalers
422930 Flower, Nursery Stock, & Florists' Supplies Wholesalers
422940 Tobacco & Tobacco Product Wholesalers
422950 Paint, Varnish, & Supplies Wholesalers
422990 Other Miscellaneous Nondurable Goods Wholesalers

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
511110 Newspaper Publishers
511120 Periodical Publishers
511130 Book Publishers
511140 Database & Directory 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 and Telecommunications
513100 Radio & Television Broadcasting
513200 Cable Networks & Program Distribution
513300 Telecommunications (including paging, cellular, satellite, & other telecommunications)

Information Services and Data Processing Services
514100 Information Services (including news syndicates, libraries, & on-line information services)
514210 Data Processing Services

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)

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

Code
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

Funds, Trusts, and Other Financial Vehicles

525100 Insurance & Employee Benefit Funds
525910 Open-End Investment Funds (Form 1120-RIC)
525920 Trusts, Estates, & Agency Accounts
525930 Real Estate Investment Trusts (Form 1120-REIT)
525990 Other Financial Vehicles

Real Estate and Rental and Leasing

Real Estate
531110 Lessors of Residential Buildings & Dwellings
531120 Lessors of Nonresidential Buildings (except Miniwarehouses)
531130 Lessors of Miniwarehouses & Self-Storage Units
531190 Lessors of Other Real Estate Property
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)

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

Code
 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
 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
 813000 Religious, Grantmaking, Civic, Professional, & Similar Organizations

Related FTB Forms and Publications

FTB 3805Z	Enterprise Zone Business Booklet
FTB 3806	Los Angeles Revitalization Zone Business Booklet
FTB 3807	Local Agency Military Base Recovery Area Business Booklet
FTB 3808	Manufacturing Enhancement Area Business Booklet
FTB 3809	Targeted Tax Area Business Booklet
FTB 3535	Manufacturers' Investment Credit
FTB Pub. 1047	Guidelines for Enterprise Zone Tax Incentives
FTB Pub. 1145	Guidelines for the Manufacturing Enhancement Area Tax Incentive
FTB Pub. 1157	Guidelines for Targeted Tax Area Tax Incentives
FTB 1113	Frequently Asked Questions About the Manufacturers' Investment Credit (MIC)
FTB 1118	Frequently Asked Questions About the Local Agency Military Base Recovery Area (LAMBRA) Incentives
FTB 1126	Frequently Asked Questions About the Enterprise Zone Incentives

Where to Get Tax Forms and Publications

By Internet – You can download, view, and print California tax forms and publications. Go to our Website at: www.ftb.ca.gov

Other state agencies' information can be accessed through the State Agency Index located on the California State Website at: www.ca.gov

By phone – Use our automated toll-free phone service to order FTB 3807. Call (800) 338-0505, select personal income tax forms requests, and enter code **939** when you are instructed to do so. Use the general telephone service to order all other forms and publications listed on this page.

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

In person – Many libraries, post offices, and banks provide free California personal income tax booklets during the filing season. Most libraries and some quick print businesses have forms and schedules to photocopy (a nominal fee may apply). **Note:** Employees at libraries, post offices, banks, 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

Economic Development Area Information

Further information about the LAMBRA tax incentives is available from the Franchise Tax Board:

Telephone: (916) 845-3464

Fax: (916) 845-6791

Website: www.ftb.ca.gov

General Toll-Free Phone Service

Our general toll-free phone service is available:

- Monday - Friday, 7 a.m. until 8 p.m.; and
- Saturdays, 8 a.m. until 5 p.m.

Note: We may modify these hours without notice to meet operational needs.

From within the United States (800) 852-5711
From outside the United States (916) 845-6500
(not toll-free)

Assistance for Persons with Disabilities

The FTB complies with the Americans with Disabilities Act (ADA). Persons with a hearing or speech impairment, call:

From voice phone (800) 735-2922
(California Relay Service)

From TTY/TDD (800) 822-6268
(Direct TTY Line to FTB Customer Service)

For all other assistance or special accommodations, call (800) 852-5711

For federal tax questions:

Call the IRS at (800) 829-1040

Asistencia Bilingüe en Español

Para obtener servicios en Español y asistencia para completar su declaración de impuestos/formularios, llame al número de teléfono (anotado arriba) que le corresponde.