

Expansion of Pasadena enterprise zone OK'd

By Kevin Smith
Staff Writer

PASADENA — Pasadena has received approval from the state Department of Housing and Community Development to expand the city's enterprise zone.

The expansion — which brings Old Pasadena, the Playhouse District and Hastings Ranch into the mix — is effective March 6, 2008 through April 10, 2022.

The expansion adds 197 acres to the existing Pasadena Enterprise Zone, which includes 1,982 acres, or 3.4 miles, said Melissa Alva, the city's enterprise zone manager.

California has 42 enterprise zones.

"We're extremely excited about this," she said. "This is a great opportunity for businesses throughout Pasadena because we'll be able to give state tax credits to employers who hire local residents."

The most lucrative facet of the program is the hiring tax credit. This allows employers to take credits of up to \$37,440 per qualified employee hired this year, based on wages over a five-year period.

"This encourages investment in equipment, property and the companies themselves," Alva said. "They are able to return the money to grow and expand and hire new employees."

There are several categories of workers who are eligible for the program, including veterans, local residents who live in designated areas, low-income employees who may have been out of work for a while and others who have been laid off because their company moved or went out of business.

Nojan Bolorchi, founder of **Tax Incentive Solutions**, a Los Angeles-based enterprise zone consulting firm, said many employers aren't aware of the benefits of enterprise zones. Others know about them but never bother to take advantage of the tax breaks, he said.

"It's complicated," he said. "Sometimes you have to walk them through it conceptually. Many employers assume their work force won't qualify, but there are very few businesses in Pasadena that I've worked with that haven't benefitted."

Bank of America and **IndyMac Bancorp Inc.** have both tapped into the program, Bolorchi said, and they have reaped substantial tax credits as a result.

There are numerous other credits and deductions available to businesses that fall within enterprise zone boundaries.

Some of these include:

■ **Sales and Use Tax Credit:** Taxpayers may be eligible to claim credits equal to the amount of sales tax paid on qualified purchases such as machinery and equipment, computers and fax machines

■ **Business Expense Deduction:** Accelerated depreciation is available for tangible personal property purchased by a business in the enterprise zone

■ **Net Interest Deduction for Lenders:** Lenders making commercial loans to businesses located solely in an enterprise zone are exempt from state income tax on the net interest income they earn on the loan

■ **Net Operating Loss Carryover:** Businesses operating within an enterprise zone can take a 100 percent net operating loss deduction and carry it forward for up to 15 years

"An enterprise zone is a good way of keeping city of Pasadena very marketable to businesses and to the work force," Alva said. "It makes businesses want to stay in Pasadena or want to come to California."