

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Supervisors Jeff Stone & Marion Ashley


**SUBMITTAL DATE:**  
January 19, 2014


**SUBJECT:** Manufacturers & Investors Tax Incentive (MIT)

**RECOMMENDED MOTION:** That the Board of Supervisors direct:

1. The County Executive Officer and his staff to develop an implementation schedule, within 120 days of board approval of MIT, for the Manufactures & Investors Tax Incentive Program for the unincorporated areas of the County; and
2. MIT is an incentive program to attract new business investment and to help create jobs in the unincorporated areas of the county by rebating the county portion of point of sales tax from manufacturing and technology firms who are located in the county after the implementation schedule set by the CEO.

**BACKGROUND:** (Commenced on Page 2)

  
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Jeff Stone, Chairman of the Board  
Representing the Third District

  
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Marion Ashley, Vice Chairman  
Representing the Fifth District

**Prev. Agn. Ref.:**

**District: 3, 5**

**Agenda Number:**

**3-25**

**BACKGROUND:** The State of California has provided few economic development tools for business retention and attraction for its counties and cities. In the past few years, the state eliminated tools that help us attract or retain business and increased income taxes. These well-intended actions discourage business retention and attraction. California is replacing many manufacturing and technology jobs with lower paying jobs for our workforce, resulting in underemployment within our workforce. MIT will rebate the county portion of sales tax collected from point of sales by our manufacturing and technology firms located in the unincorporated areas, provided they invest a minimum of \$ 100,000.00 in real estate, facilities, and/or equipment and employ a minimum of 4 full-time workers at a minimum rate of pay of 140 percent of the state's minimum wage of \$9.00 (\$12.60). For example, should a county manufacturer, acting as a point of sale, produce \$1 million dollars in sales tax on an annual basis, the county would rebate \$10,000 to that business or 100 percent of the sales tax collected by the county in year one. In year two, the rebate is reduced to 75 percent. In year three, it is reduced to 50 percent, and in year four to 25 percent. In year five, there will be no further rebate. It is important to note and to acknowledge that unincorporated areas in most of the county have high unemployment figures, and in some cases those figures are as high as 33 percent. The intent of MIT is to offer incentives in order to attract or to retain business and stimulate interest in business development within the county and its unincorporated areas. This modest incentive will increase revenue to the county property tax rolls, income tax rolls, and help create indirect and induced jobs. MIT will sunset automatically in 2024 unless repealed.