Incentives, Then and Now
The San Jose Perspective

Aug. 14, 2019
City of San Jose

San Jose's Economic Picture: The Context

- Only big-city bedroom community
- Lower property tax per capita than neighbors
- Lower sales tax per capita
- History of industrial land conversions

San Jose: The Fun Facts

San Jose's Economic Picture: The Context

Lower Property Tax Per Capita

San Jose: The Fun Facts

Lower Sales Tax Per Capita

Employment Land Eliminated Through Conversions Since 1980: 2,298 acres

2,298 acres lost

A 16% reduction in employment lands from 15,912 acres to 13,614 acres
Jobs Per Employed Resident: Top 20 Cities

Serving Residents: Getting Better But Still Behind Big-City Peers

Incentives: The Past

- Business Support through SJ Redevelopment Agency:
  - Largest in the State
  - Incubators
  - Cleantech/Emerging Tech Funds
  - Infrastructure investment
- Enterprise Zones
- Manufacturing Incentive
- Equipment Reimbursement

Incentives: Today

- Less political appetite for direct business support
- Fewer tools available
- Some new tools available
- Referrals to state resources
- Focus on project certainty and due diligence

Storefronts Grants Program

2 types: Vacant Storefronts
- Vacant longer than 3 months
- Up to $15,000 for City fees, permits, taxes

Existing Storefronts
- Any ground-floor retail space
- Up to $10,000 for exterior improvements that enhance/enliven storefront
Business Cooperation Program

| Rebate on % of Use Tax for Big Ticket Purchases | Not pitched as an “incentive”; city, company both come out ahead |
| Company can receive 20%-30% of the 1% | Company works with City to designate SJ as first functional use for Big Ticket Purchase from out of state |

Not huge dollars: $10,000 potential return on $5M widget

Foreign Trade Zone (FTZ)

Designated site in U.S. where foreign merchandise is considered outside U.S. territory

Foreign merchandise can be brought into FTZ without payment of federal import duties & w/streamlined customs procedures

Allows for deferral, reducing, or eliminating duty payments on items entering the FTZ

San Jose Opportunity Zone Update

Opportunity Zones

Proactive outreach and education

Due diligence assistance

Priority: Business investment/industrial

Where the interest is: Real estate development (=housing)

City not in control

Focus on State Resources

Recent SJ Cal Competes Awardees

<table>
<thead>
<tr>
<th>Company</th>
<th>Award Amount</th>
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<tr>
<td>Sytex Logix</td>
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Focus on Project Certainty and Due Diligence

- Expedited Review Options
- Predevelopment Meetings
- Development Facilitation Officer
- Housing Catalyst Officer (upcoming)
- Retail Facilitation Officer (upcoming)
Connections to Community, Customers and Workforce

Industry Workshops

Manufacturing Day

Industry Roundtables

Bus Tours & Promotions

Questions?

Nathan Donato-Weinstein
Business Development Officer
Office of Economic Development
City of San Jose
Nathan.donato@sanjoseca.gov