

*THE CALIFORNIA INDUSTRIAL DEVELOPMENT
FINANCING ADVISORY COMMISSION (CIDFAC)
EMPOWERMENT ZONE BOND PROGRAM (EZB)*

Empowerment Zone Bond (EZB) Minimum Requirements

This program applies to manufacturers, retailers and any service that operates in an “Empowerment Zone”, as designated in Title 26, United States Code, section 1391, subdivision (g). A Program Sponsor (Borrower) requesting Application approval and the project sought to be financed must meet the requirements for an “empowerment zone facility bond” as that term is used in Title 26 United States Code, section 1394, which include the following Minimum Requirements:

- At least 35% of the employees of an Empowerment Zone business (“EZ Business”) must be residents of the Empowerment Zone.
- At least 50% of the total gross income of an EZ Business must be derived from the active conduct of such business.
- 85% of the use of the tangible property of an EZ Business (whether owned or leased) must be used in active conduct of such business.
- 85% of the intangible property of an EZ Business must be used in active conduct of such business
- 85% of the services performed for an EZ Business by its employees must be performed in the Empowerment Zone.
- Less than 5% of the aggregate unadjusted bases of the property of an EZ Business must be attributable to collectibles.
- Less than 5% of the average of the aggregate unadjusted bases of the property of an EZ Business must be attributable to debt, stock, partnership interest, options, warrants or other similar property specified in the Internal Revenue Code or the regulations.
- The EZ Business must finance property that qualifies as “Qualified Zone Property.” Qualified Zone Property generally consists of a capital asset to which the straight-line depreciation method applies and to which the original use begins with the EZ Business.
- The Borrower must provide documentation of the applicable discretionary use permits and approvals from federal, state or local planning agencies for the proposed project at the time of Application.