

USE TAX INCENTIVE PROGRAM FOR AEROSPACE DYNAMICS INTERNATIONAL

Assembly Bill No. 562

Chapter 740

Section 53083

1. Aerospace Dynamics International (ADI), a subsidiary of The Marvin Group, is located at 25540 Rye Canyon Road, Santa Clarita, California 91355.
2. ADI entered into an agreement with the City of Santa Clarita to participate in the Use Tax Incentive Program on June 23, 2010. This agreement is ongoing.
3. The City of Santa Clarita receives 3% of the 1% of use tax paid by a business through the standard allocation from the State of California. Through the Use Tax Incentive Program, qualifying businesses can apply for a Direct Pay Permit that allows the full 1% of use tax paid by a business to be directed to the City of Santa Clarita. To qualify for a direct pay permit, a business must have at least \$500,000 in use tax purchases in the prior year. Once a direct pay permit is secured, the business is able to execute an agreement with the City of Santa Clarita to qualify for the Use Tax Incentive Program. ADI has selected to receive a Business Expansion Credit which is a rebate equal to 50% of the net new use tax generated as a result of the participation in the program. Business Expansion Credits may be used for any permit or development fees for an approved project located within the City of Santa Clarita. To date, ADI has generated \$573,782.66 in Use Tax earning them a 50% credit of \$260,824.59
4. The Use Tax Incentive Program was designed to increase the partnership opportunities between the City of Santa Clarita and local businesses by incentivizing business expansion and generating increased use tax revenue to the City. Additionally, the program will assist in increasing the employment base while generating high paying jobs and growing businesses within the City's targeted industries of aerospace, biomedical, technology, and entertainment.
5. The City of Santa Clarita has received \$573,782.66 in use tax revenue pursuant to the Use Tax Program agreement with ADI. On average, ADI has generated approximately \$96,540 in use tax annually.
6. ADI's expansion of a new 87,888 square foot building is expected to employ an additional 200 employees with an average pay rate of \$65,000 annually per employee.