

President's Message

BUSINESS OPPORTUNITIES IN THE INLAND EMPIRE

April 2006

Economics and politics affect the ability to do business. Our home state of California is comprised of distinct regions, which are so politically and economically separate that a typical sales approach requires distinctly different marketing techniques, depending upon the region. Doing business in Northern California does not have the same cadence as doing business in Southern California, and even within Southern California, we have a region set apart from all others known as the Inland Empire, which is Riverside and San Bernardino counties.

The uniqueness of the Inland Empire derives largely from its history of serving as home to U.S. military installations and its undeveloped vast land mass. Consequently, the Inland Empire is currently attracting the interest of business, real estate, and site selection executives from around the country and the world. The region's assets are plentiful, and include large industrial and retail expansion. There are some 27 colleges and universities, producing an educated and highly skilled labor force. Office, commercial, and industrial space is available at extremely favorable rates compared to adjacent coastal counties. Inc. Magazine that ranked the Inland Empire number one in 2005 as the top U.S. County for conducting business.

From 1988 to 1996, the U.S. government closed three of its major air force bases in the Inland Empire. This badly damaged the economic foundation of the surrounding communities. Political entities were formed to manage the conversion of the sites to private sector industrial airports. By 2003, titles to the airport properties were transferred, a significant part of the infrastructure work was completed, master develop-

ers were in place and economic development efforts were in play.

The Pentagon wanted \$52 million to hand over Norton Air Force Base's land and facilities. The site's infrastructure was dilapidated, buildings were below civilian building codes, and asbestos and ground contamination was an issue. However, today the Inland Empire can benefit from the Local Area Military Base Recovery Act that serves as an incentive to assist companies that locate at a couple of military base closures. The special state and local incentives encourage business investment and promote job creation. Overall, this act provides tax incentives and allow private sector market forces to revive the local economy, that include:

- Up to \$40,000 of equipment purchases to be deducted immediately as a business expense in the first year of operation,
- Corporations can earn sales tax credits on purchases of \$20 million per year of other qualified machinery and related parts,
- Lenders to zone businesses may receive a net interest deduction on their California state income taxes,
- Up to 100% of net operating losses can be carried forward for 15 years to reduce future income taxes,
- Firms can earn \$29,234 or more in state tax credits against taxable income, for each qualified employee they hire over a five year period at the rate of; 50% in year one; 40% in year two; 30% in year three; 20% in year four; 10% in year five; up to a maximum of \$2 million,
- A 5% preference is awarded on contract bids of over \$100,000 with the State of California,
- Unused tax credits can be applied to future tax years, stretching out the ben-



efit of the initial investment.

The foregoing information is shared as a topical example to motivate black enterprise to step into a higher participatory economic and political process, giving a special look at the Inland Empire. Standing by is not an option, or idly waiting for the phone to ring for a bid opportunity. Black enterprise has to aggressively seek and pursue market access and go to work to create bold strategic alliances to secure a piece of the new converted frontier. The Inland Empire is a converted frontier from large governmental control to investor run operations, where there exists an open opportunity for business growth.

The Black Business Association is advocating on your behalf and the door is open. Should you want more information, feel free to visit our web site at www.bbala.org or call 323-291-9334.

Please enjoy this issue of the BBA News. Please plan to attend the upcoming annual Awards Dinner on Thursday, May 18, 2006 at the Los Angeles Downtown Marriott Hotel. ☺

Earl "Skip" Cooper, II

President/Chief Executive Officer