

WHAT ARE THE “ZONE” PROPERTY, PAYROLL & RECEIPTS FACTORS USED ON SCHEDULE C-1?

Section A **Property** - The property factor is the ratio of real and tangible personal property located within the Zone to all real and tangible personal property located everywhere. The numerator of the Zone property factor shall include the average value (at original cost) of property owned by the qualified business in the Zone during the income period. Property rented (in the Zone) by the qualified business is to be valued at eight (8) times its net annual rental rate. The denominator of the Zone property factor shall be all owned and rented property everywhere. The value of the denominator shall be determined in accordance with the procedures used to calculate the numerator.

Section B **Payroll** - The payroll factor is the ratio of compensation paid to employees located or based within the Zone to compensation paid to employees everywhere. The numerator of the Zone payroll factor is the total compensation paid in the Zone and the denominator is the total compensation paid everywhere.

Section C **Receipts** - The receipts factor is the ratio of sales and/or services attributable to the Zone location to total sales and/or services everywhere. In order to be a Zone receipt (i.e. in the factor's numerator), sales of tangible personal property/inventory must be shipped from the specific Zone location and delivered to customers within the Zone. Services must originate from the Zone location and be performed within the Zone.