

Enterprise Zone Program

What to Look for in 2013

- Governor's Proposed Budget will be released on January 10, 2013. It is possible that the budget will again call for the elimination of enterprise zones.
- Empowered with a supermajority, proposals from Democrats may be introduced that call for the elimination of enterprise zones in exchange for the promise of a more targeted tax credit.
- Enterprise zone supporters, such as Assemblyman V. Manuel Perez, will introduce legislation to reform, not eliminate enterprise zones.
- Unions, unhappy with the types of jobs that enterprise zones create will be looking to attack the enterprise zone program.

League's Principles on Enterprise Zones

- The League's longstanding policy is to support enterprise zones as a way to assist cities with economic development.
- With the loss of redevelopment, protecting any remaining local economic development tools has become even more important.
- While the League is ready to discuss reforms to the current enterprise zone program, any changes should improve the enterprise zone program. The negative consequences of an ill-considered decision for California's economy will vastly outweigh a temporary benefit to the budget.

Enterprise Zone Talking Points

- Enterprise zones are the only remaining tool that focuses on economic development and creating jobs. By providing incentives for businesses to open or relocate to these areas, local employees are hired and the local economy is revitalized. California needs more tools to attract jobs to the State.
- Enterprise zones help California attract business. The State may approve up to 42 enterprise zones for a 15-year period through a competitive process. Once a zone is approved, businesses construct facilities, purchase equipment, hire workers and make other investments. California must keep the commitment with businesses that have made location, investment and hiring decisions; to do otherwise, sends a negative message about California's business climate.
- Enterprise zones help create jobs. By providing tax benefits to businesses that create jobs in areas with high unemployment and lower levels of economic activity, enterprise zones help create jobs in economically distressed areas. In 2010, with unprecedented levels of unemployment, California's 42 enterprise zones employed more than 118,000 employees in 10,000 companies.
- Local governments support enterprise zones too. The state is not the only source of benefits for enterprise zones. Local governments themselves do not directly receive benefits from enterprise zones, yet the program means enough to cities that when putting together an application to propose an enterprise zone, the Housing and Community Development Department (HCD) ranks the applications based upon what local resources, incentives and programs the local jurisdictions are willing to provide. What benefits is your city providing to enterprise zones?
- There are accountability standards. Before an enterprise zone can exist, it must be approved by (HCD) on a competitive basis. In addition, local governments must commit local resources; local jurisdictions must submit an economic development strategy; HCD may audit an enterprise zone program at any time, but no less than every five years, and enterprise zones are subject to dedesignation if the department determines that an enterprise zone fails to exceed 75% percent of the goals, objectives and commitments in the application. Talk about your enterprise zone audits. What goals have you met? What are the accomplishments according to the state's own HCD?

How Local Governments Can Help

- Call or write your Assembly Member and Senator. While cities themselves do not receive any direct benefits from the enterprise zone program, there are many indirect benefits like economic development and increased jobs. Businesses in enterprise zones will tell their story, but cities have the ability to tell the story from a bigger picture, that is also less self-interested. With the most recent statewide election, over half of the Legislature is new. Educate your legislators about the benefits that enterprise zones bring to your community.
- Write a letter to the editor. Talk about the successes of your enterprise zone. Because there are 40 enterprise zones in the state of California, almost every Senator has an enterprise zone in the district.
- Visit the California Association of Enterprise Zones' web site at: www.caez.org. Join the coalition to protect enterprise zones, send letters to the Governor, your Assembly Member and Senator, as well as read the latest news articles on the benefits of enterprise zones.
- Consider having your city council adopt a resolution supporting enterprise zones. A sample resolution has been posted to the League's website at www.cacities.org/EZresolution as a template for your convenience.