

TO: Workforce Investment Board

DATE: March 28, 2002

- For Action**
- For Information**
- Meeting Notes**

FROM: Executive Committee

SUBJECT: Enterprise Zone (EZ) Extension (AB 1846)

PROPOSED MOTION(S): Ratify the action of the Executive Committee to authorize the Chair to write letters of support for AB 1846 to Senator Monteith and Assemblyman Cardoza.

DISCUSSION: Assemblyman Lou Correa is sponsoring legislation to extend the life of post-1990 Enterprise Zones by 5 years via an audit and application process. Assemblyman Correa's office (Santa Ana), the Merced Atwater EZ, Santa Ana EZ, Coachella Valley EZ, and CAEZ are the lead sponsors. Assemblyman Cardoza and Senator Monteith are co-authors. The bill will be scheduled to go before its first committee hearing in March 2002.

ATTACHMENT(S):

- 1. Letters of Support**
- 2. AB 1846**



**WORKFORCE
INVESTMENT BOARD
MERCED COUNTY**

Executive Committee

Rick Osorio
Chair

John Headding
1st Vice Chair

Nellie McGarry
2nd Vice Chair

Kathleen Crookham
Supervisor Dist. 2

Peter Fluetsch

Gisela Malone

Al Romero

Steve Tinetti

March 11, 2002

Honorable Dick Monteith
Senator, 12th District
State Capitol, Room 4090
Sacramento, CA 95814

Re: Support for AB 1846

Dear Senator Monteith,

The purpose of this letter is to offer the Workforce Investment Board of Merced County's support for AB 1846.

As you know, the Enterprise Zone Program targets economically distressed areas throughout California. Special state and local incentives encourage business investment and promote the creation of new jobs. The purpose of the program is to provide tax incentives to businesses and allow private sector market forces to revive the local economy. The Merced Atwater Enterprise Zone is assisting in Merced's efforts to revitalize the community's economic base. The Enterprise Zone program is factored into the decision of many of our employers to increase staffing, expand business operations and make additional capital investments.

The proposed legislation will not affect the State budget until approximately 2006. While the costs are deferred, the benefits are much more immediate. Passage of this bill will provide job generating and capital investing employers with the assurance that Enterprise Zone benefits will remain in effect longer. Furthermore, potential employers who are currently being recruited to site their plants and businesses in California will be encouraged to make California their home.

We need to extend the Merced Atwater Enterprise Zone for another five years to ensure continued economic vitality in the Greater Merced Atwater area.

Thank you for supporting this important piece of legislation. We look forward to working with you to ensure its passage. If we can be of assistance, please contact me at (209)725-3593.

Sincerely,

Rick Osorio,
Chairman

cc: Assemblyman Lou Correa, Sacramento

www.co.merced.ca.us
1880 W. Wardrobe Ave.
Merced, CA 95340
Ph (209) 725-3593
Fax (209) 725-3592



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Steve Tinetti

March 11, 2002

Honorable Dennis Cardoza
Assembly Member, 26th District
State Capitol
Sacramento, CA 95814

Re: Support for AB 1846

Dear Assemblyman Cardoza,

The purpose of this letter is to offer the Workforce Investment Board of Merced County's support for AB 1846.

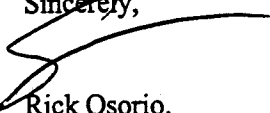
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Sincerely,


Rick Osorio,
Chairman

cc: Assemblyman Lou Correa, Sacramento

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ASSEMBLY BILL

No. 1846

**Introduced by Assembly Members Correa and Florez
(Principal coauthor: Assembly Member Runner)
(Coauthors: Assembly Members Cardoza, Dickerson,
Lowenthal, Matthews, Pescetti, and Salinas)
(Coauthors: Senators Battin and Monteith)**

January 28, 2002

An act to amend Section 7073 of the Government Code, relating to enterprise zones.

LEGISLATIVE COUNSEL'S DIGEST

AB 1846, as introduced, Correa. Enterprise zones.

The Enterprise Zone Act provides for the designation of enterprise zones by the Technology, Trade, and Commerce Agency, according to specified criteria, pursuant to which certain entities may receive regulatory, tax, and other incentives for private investment and employment. The act generally limits the period for which an area may be designated by that agency as an enterprise zone to 15 years, but permits the designation for 20 years, if designated prior to 1990 and specified criteria are met.

This bill would extend the applicability of the 20-year time period to all designated enterprise zones that meet the specified criteria.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7073 of the Government Code is
2 amended to read:

3 7073. (a) Except as provided in subdivision (e), any city,
4 county, or city and county with an eligible area within its
5 jurisdiction may complete a preliminary application for
6 designation as an enterprise zone. The applying entity shall
7 establish definitive boundaries for the proposed enterprise zone
8 and the targeted employment area.

9 (b) (1) In designating enterprise zones, the agency shall select
10 from the applications submitted those proposed enterprise zones
11 that, upon a comparison of all of the applications submitted,
12 indicate that they propose the most effective, innovative, and
13 comprehensive regulatory, tax, program, and other incentives in
14 attracting private sector investment in the zone proposed.

15 (2) For purposes of this subdivision, regulatory incentives
16 include, but are not limited to, all of the following:

17 (A) The suspension or relaxation of locally originated or
18 modified building codes, zoning laws, general development plans,
19 or rent controls.

20 (B) The elimination or reduction of fees for applications,
21 permits, and local government services.

22 (C) The establishment of a streamlined permit process.

23 (3) For purposes of this subdivision, tax incentives include, but
24 are not limited to, the elimination or reduction of construction
25 taxes or business license taxes.

26 (4) For the purposes of this subdivision, program and other
27 incentives may include, but are not limited to, all of the following:

28 (A) The provision or expansion of infrastructure.

29 (B) The targeting of federal block grant moneys, including
30 small cities, education, and health and welfare block grants.

31 (C) The targeting of economic development grants and loan
32 moneys, including grant and loan moneys provided by the federal
33 Urban Development Action Grant program and the federal
34 Economic Development Administration.

35 (D) The targeting of state and federal job disadvantaged and
36 vocational education grant moneys, including moneys provided
37 by the federal Job Training Partnership Act of 1982 (Public Law
38 97-300).



1 (E) The targeting of federal or state transportation grant
2 moneys.

3 (F) The targeting of federal or state low-income housing and
4 rental assistance moneys.

5 (G) The use of tax allocation bonds, special assessment bonds,
6 bonds under the Mello-Roos Community Facilities Act of 1982
7 (Chapter 2.5 (commencing with Section 53311) of Part 1 of
8 Division 2 of Title 5), industrial development bonds, revenue
9 bonds, private activity bonds, housing bonds, bonds issued
10 pursuant to the Marks-Roos Local Bond Pooling Act of 1985
11 (Article 4 (commencing with Section 6584) of Chapter 5),
12 certificates of participation, hospital bonds, redevelopment bonds,
13 school bonds, and all special provisions provided for under federal
14 tax law for enterprise community or empowerment zone bonds.

15 (5) In the process of designating new enterprise zones, the
16 agency shall take into consideration the location of existing zones
17 and make every effort to locate new zones in a manner that will not
18 adversely affect any existing zones.

19 (6) In designating new enterprise zones, the agency shall
20 include in its criteria the fact that jurisdictions have been declared
21 disaster areas by the President of the United States within the last
22 seven years.

23 (7) When reviewing and ranking new enterprise zone
24 applications, the agency shall give special consideration or bonus
25 points, or both, to applications from jurisdictions that meet at least
26 two of the following criteria:

27 (A) The percentage of households within the census tracts of
28 the proposed enterprise zone area, the income of which is below
29 the poverty level, is at least 17.5 percent.

30 (B) The average unemployment rate for the census tracts of the
31 proposed enterprise zone area was not less than five percentage
32 points above the statewide average for the most recent calendar
33 year as determined by the Employment Development Department.

34 (C) The applicant jurisdiction has, and can document that it
35 has, a unique distress factor affecting long-term economic
36 development, including, but not limited to, resource depletion,
37 plant closure, industry recession, natural disaster, or military base
38 closure.

39 (c) In evaluating applications for designation, the agency shall
40 ensure that applications are not disqualified solely because of



1 technical deficiencies, and shall provide applicants with an
2 opportunity to correct the deficiencies. Applications shall be
3 disqualified if the deficiencies are not corrected within two weeks.

4 (d) (1) Except as provided in paragraph (2), or upon
5 dedesignation pursuant to subdivision (c) of Section 7076.1 or
6 Section 7076.2, a designation made by the agency shall be binding
7 for a period of 15 years from the date of the original designation.

8 (2) The designation period for any zone designated pursuant to
9 either Section 7073 or 7085 ~~prior to 1990~~ may total 20 years,
10 subject to possible dedesignation pursuant to subdivision (c) of
11 Section 7076.1 or Section 7076.2, if the following requirements
12 are met:

13 (A) The zone receives a superior or passing audit pursuant to
14 subdivision (c) of Section 7076.1.

15 (B) The local jurisdictions comprising the zone submit an
16 updated economic development plan to the agency justifying the
17 need for an additional five years by defining goals and objectives
18 that still need to be achieved and indicating what actions are to be
19 taken to achieve these goals and objectives.

20 (e) (1) Notwithstanding any other provision of law, any area
21 designated as an enterprise zone pursuant to Chapter 12.8
22 (commencing with Section 7070) as it read prior to January 1,
23 1997, or as a targeted economic development area, neighborhood
24 economic development area, or program area pursuant to Chapter
25 12.9 (commencing with Section 7080) as it read prior to January
26 1, 1997, or any program area or part of a program area deemed
27 designated as an enterprise zone pursuant to Section 7085.5 as it
28 read prior to January 1, 1997, shall be deemed to be designated as
29 an enterprise zone pursuant to this chapter. The effective date of
30 designation of the enterprise zone shall be that of the original
31 designation of the enterprise zone pursuant to Chapter 12.8
32 (commencing with Section 7070) as it read prior to January 1,
33 1997, or of the program area pursuant to Chapter 12.9
34 (commencing with Section 7080) as it read prior to January 1,
35 1997, and in no event may the total designation period exceed 15
36 years, except as provided in paragraph (2) of subdivision (d).

37 (2) Notwithstanding any other provision of law, any enterprise
38 zone authorized, but not designated, pursuant to Chapter 12.8
39 (commencing with Section 7070) as it read prior to January 1,
40 1997, shall be allowed to complete the application process started



1 pursuant to that chapter, and to receive final designation as an
2 enterprise zone pursuant to this chapter.

3 (3) Notwithstanding any other provision of law, any expansion
4 of a designated enterprise zone or program area authorized
5 pursuant to Chapter 12.8 (commencing with Section 7070) as it
6 read prior to January 1, 1997, or Chapter 12.9 (commencing with
7 Section 7080) as it read prior to January 1, 1997, shall be deemed
8 to be authorized as an expansion for a designated enterprise zone
9 pursuant to this chapter.

10 (4) No part of this chapter may be construed to require a new
11 application for designation by an enterprise zone designated
12 pursuant to Chapter 12.8 (commencing with Section 7070) as it
13 read prior to January 1, 1997, or a targeted economic development
14 area, neighborhood economic development area, or program area
15 designated pursuant to Chapter 12.9 (commencing with Section
16 7080) as it read prior to January 1, 1997.

17 (f) Notwithstanding any other provision of law, a city, county,
18 or a city and county may designate a joint powers authority to
19 administer the enterprise zone.

20 (g) No more than 42 enterprise zones may be designated at any
21 one time pursuant to this chapter, including those deemed
22 designated pursuant to subdivision (e). Upon the expiration or
23 termination of a designation, the agency is authorized to designate
24 another enterprise zone to maintain a total of 42 enterprise zones.

