

**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  
1<sup>st</sup> Vice Chair

Nellie McGarry  
2<sup>nd</sup> Vice Chair

Kathleen Crookham  
Supervisor Dist. 2

Peter Fluetsch

Gisela Malone

Al Romero

Steve Tinetti

March 11, 2002

Honorable Dick Monteith  
Senator, 12<sup>th</sup> 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](http://www.co.merced.ca.us)  
1880 W. Wardrobe Ave.  
Merced, CA 95340  
Ph (209) 725-3593  
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**Al Romero**

**Steve Tinetti**

March 11, 2002

Honorable Dennis Cardoza  
Assembly Member, 26<sup>th</sup> 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.

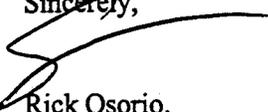
As you know, the Enterprise Zone Program targets economically distressed areas throughout California. Special state and local incentives encourage business investment and promote the creation of new jobs. The purpose of the program is to provide tax incentives to businesses and allow private sector market 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.

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Sincerely,

  
Rick Osorio,  
Chairman

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Fax (209) 725-3592

cc: Assemblyman Lou Correa, Sacramento

**ASSEMBLY BILL**

**No. 1846**

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**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

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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.

