

TO: WIB

DATE: 03/17/11

FROM: Staff

For Discussion

For Action

For Information

SUBJECT: Enterprise Zone Support

PROPOSED MOTION(S): That the Workforce Investment Board support and advocate the continuance of the Merced County Regional Enterprise Zone.

DISCUSSION:

The Merced County Regional Enterprise Zone (EZ) was established December 17, 2006 by the State Department of Housing and Community Development (HUD). 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 stimulate development by providing tax incentives to businesses and allow private sector market forces to revive the local economy. The EZ companies are eligible for substantial tax credits and benefits. With Hiring Tax Credits a business can earn up to \$31,544 in state tax credits for each qualified employee hired.

The Merced County Regional Enterprise Zone for FY 2009/10 estimated voucher credit for the 256 EZ businesses for over 3 years was \$64,124,514 with an average amount per employee of \$20,158 in state tax credits. The following table provides an overview by fiscal year of the vouchering and employment activity for.

	Hiring Credit Vouchers Issued	Businesses	Jobs Retained	New Jobs
FY 2008/09	1,136	128	1,136	280
FY 2009/10	3,181	256	2,448	444

The EZ is comprised of seven jurisdictions, Merced County and the following six Cities: Atwater, Dos Palos, Gustine, Livingston, Los Baños, and Merced. Originally the EZ had 42,703 acres of commercial/industrial and permitted agricultural zones; however, effective July 26, 2010 the first expansion was approved by HUD adding 1,877 acres to the EZ thereby increasing the total acreage to 44,608.

We request the Workforce Investment Board's support and advocacy for the continuance of the Merced County Regional Enterprise Zone.

ATTACHMENT(S): N/A