

**Mayor**  
William Siegel  
**Mayor Pro Tem**  
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City Manager**

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## Staff Report

ITEM 3F

**To:** Lemoore City Council  
**From:** Judy Holwell, Project Manager   
**Date:** February 27, 2013  
**Subject:** Letter of Support for the Enterprise Zone Program with modifications to the Program made through the Legislative Process

### Discussion

The California Enterprise Zone Program has been under attack over the past couple of years. First, Governor Brown threatened to eliminate it, as he did Redevelopment. Now he has included savings in his Budget relating to new regulations for the Program and has tasked the Department of Housing & Community Development (HCD) with making the necessary modifications to ultimately find such savings. The League of California Cities has asked that a letter be sent to our Legislators supporting the Program, but asking that the proposed changes be made through the Legislative process. The concern is that the changes are being pushed through the regulatory process instead of the legislative process, which takes away the ability of the Legislature and stakeholders to participate in the discussions and places the entire decision on HCD.

The Enterprise Zone Program is a vital tool for economic development. It provides jurisdictions with the ability to offer special incentives to attract and retain businesses that may not otherwise locate here. The following identifies some of the incentives of the Program:

- Tax Credits for sales and use taxes paid on machinery purchases
- Tax Credits for hiring qualified employees
- Interest deductions for lenders on loans to firms within the area
- Fifteen year net operating loss carry-forward
- Accelerated expansion deductions
- Priority for various State programs – such as State contracts

The attached letter has been prepared so that Council can voice their support for the Enterprise Zone Program and relay their concern for the manner in which such modifications are being proposed, recommending that the changes instead go through the Legislative process. Also attached are three documents that further explain the Enterprise Zone Program, the proposed changes, and recommended modifications to the changes being proposed.

- Enterprise Zone Reform 2013 – FAQ (from HCD Enterprise Zone Reform Web Page)
- What to Look for in 2013 (from League of California Cities)
- Responses to Proposed Rulemaking for the Enterprise Zone Program (from Kings EDC)

**Budget Impact**

None.

**Recommendation**

That Council authorize the Mayor to sign the attached letter in Support for the Enterprise Zone Program with modifications made through the Legislative process.