SUBJECT: CONSIDER ADOPTION OF A RESOLUTION OF SUPPORT FOR THE ENTERPRISE ZONE PROGRAM AND OPPOSITION TO REGULATORY REFORM THAT ADVERSELY EFFECTS THE PROGRAM

SOURCE: City Manager

COMMENT: The City of Porterville participates in the Enterprise Zone Program as part of the Sequoia Valley Enterprise Zone (Tulare County). The Tulare County Economic Development Corporation (TCEDC) and City staff are concerned about proposed regulatory changes to the Enterprise Zone Program that may adversely effect the Program and/or create excessive regulatory requirements on participating businesses.
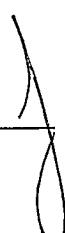
The Governor's proposed budget for the coming 2013-14 fiscal year includes increased State revenues related to new regulations for the Enterprise Zone Program, including enhanced audit procedures, elimination of assistance to businesses in tax voucher processing, and additional verification of employee residency within a Targeted Employment Area (TEA). The Governor's proposed reforms are intended to make the Program more difficult to implement, and thus decrease the tax breaks afforded under the Program and increase State revenues.

Enterprise Zones focus on economic development and creating jobs in areas with high unemployment and lower levels of economic activity, providing tax benefit incentives for businesses to open or expand in these areas. Although recent unemployment figures reflect that Porterville's unemployment fell from 14.9% in December 2011 to 14.4% in December 2012, the overall County unemployment rate is 15.7% (down from 16.2% in December 2011) in comparison to the overall State unemployment rate of 9.8% (down from 10.9% in December 2011).

RECOMMENDATION: That the City Council consider the adoption of a Resolution of Support for the Enterprise Zone Program and opposition to regulatory reform that adversely effects the Program.

ATTACHMENT: Draft Resolution

C/M

Item No. 18

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PORTERVILLE,
COUNTY OF TULARE, STATE OF CALIFORNIA, IN SUPPORT OF
ENTERPRISE ZONES AND OPPOSITION TO REGULATORY REFORMS
THAT ADVERSELY EFFECTS THE PROGRAM

WHEREAS, the City of Porterville participates in an Enterprise Zone that was established in 2010 as part of the Sequoia Valley Enterprise Zone, and has been an active participant in legislative and regulatory reforms for geographic targeted economic development areas for a number of years; and

WHEREAS, California's Enterprise Zone program was established in 1984 by the Legislature to stimulate business investment in depressed areas of the state and create job opportunities for Californians; and

WHEREAS, according to the findings and declarations of the Enterprise Zone Act, it is in the economic interest of the state to have one strong, combined, and business-friendly incentive program to help attract business and industry to the state, to help retain and expand existing business and industry, and to create increased job opportunities for all Californians; and

WHEREAS, Enterprise Zones create and retain jobs, which according to the California Association of Enterprise Zones, more than 118,000 were created in 2010 while California experienced unprecedented unemployment; and

WHEREAS, Enterprise Zones attract businesses to California and retain them, given once a Zone is approved, businesses construct facilities, purchase equipment, hire workers, and make other investments in the area; and

WHEREAS, Enterprise Zones provide a geographically targeted economic development tool designed to improve poor and blighted communities.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Porterville hereby affirms its support for the positive benefits of the Enterprise Zone Program, and also expresses opposition to any regulatory reforms that adversely effect the Enterprise Zone Program or creates excessive regulatory burdens on participating businesses.

APPROVED AND ADOPTED this 5th day of March, 2013.

ATTEST: _____
John D. Lollis, City Clerk   Virginia R. Gurrola, Mayor

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By: Patrice Hildreth, Chief Deputy City Clerk