



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Adopt Resolution in Support of the Enterprise Zone Program  
**MEETING DATE:** February 20, 2013  
**PREPARED BY:** Community Development Director

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**RECOMMENDED ACTION:** Adopt resolution in support of the Enterprise Zone program.

**BACKGROUND INFORMATION:** California's Enterprise Zone program was established in 1984 to stimulate business investment in depressed areas of the state and create job opportunities for Californians.

According to the California Association of Enterprise Zones (CAEZ), in 2010, Enterprise Zones created or retained more than 118,000 jobs while California experienced unprecedented unemployment.

When Governor Brown released his 2011-2012 budget proposal, he proposed the elimination of all enterprise zone tax incentives, including Targeted Tax Areas, Manufacturing Enhancement Areas, and Local Agency Military Base Recovery Areas. Tax benefits to be repealed included: hiring credits, credit for sales tax paid, credit for employees who earn wages within the areas, and a deduction for interest received from businesses in the area. The proposal was estimated to save the state over \$300 million in 2010-2011 and almost \$600 million in 2011-2012.

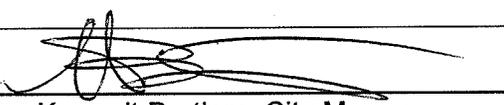
The challenge of eliminating enterprise zones in 2011 and 2012 was that it required a two-thirds vote of the Legislature. Quite simply, the votes were not there and enterprise zones were retained. The Governor responded by proposing a reform of the regulations that govern enterprise zones. As a result, the Department of Housing and Community Development (HCD) has embarked on a task to make changes to the enterprise zone program through the regulatory process, which would avoid the need for a two-thirds vote. The revised regulations put forth by HCD look to limit retroactive vouchering, reduce Target Employment Areas and restrict the expansion of zones. The CAEZ is concerned that these proposed regulations will significantly reduce the effectiveness of enterprise zones, thereby providing more justification to eliminate them all together.

While the regulatory reforms from HCD move forward, the election on November 6, 2012 has provided a two-thirds supermajority in both the State Senate and the Assembly, providing the Governor what he needs to eliminate enterprise zones once and for all.

Both the League of California Cities and the CAEZ recognize and support enterprise zones as one of the only remaining tools that cities have for carrying out economic development and creating jobs. The incentives provided through enterprise zone programs help existing businesses in California to expand and create jobs, and to attract businesses from out of state.

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APPROVED:

  
Konradt Bartlam, City Manager

In 2010, with unprecedented levels of unemployment, California's 42 enterprise zones employed more than 118,000 employees on 10,000 companies. The San Joaquin County Enterprise Zone ranks in the top three of the 42 California enterprise zones, with 1,241 businesses hiring 20,092 new employees.

The League of California Cities and the CAEZ are requesting that cities with enterprise zones;

- Adopt a Resolution supporting enterprise zones;
- Attend scheduled meetings with the legislator in your district and talk about the benefits of your city's Enterprise Zone;
- Submit written comment to HCD on their proposed regulations by 5:00 p.m. on February 28, 2013.

**FISCAL IMPACT:**                      None required.

**FUNDING AVAILABLE:**            None required.



Konradt Bartlam  
Community Development Director

KB/jw

Attachment

RESOLUTION NO. 2013-20

A RESOLUTION OF THE LODI CITY  
COUNCIL IN SUPPORT OF THE  
ENTERPRISE ZONE PROGRAM

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WHEREAS, California's Enterprise Zone program was established in 1984 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 within the State; and to create increased job opportunities for all Californians; and

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

WHEREAS, Enterprise Zones attract businesses to California and retains them, and once a zone is approved, businesses construct facilities, purchase equipment, hire workers, and make other investments; 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 Lodi City Council formally supports the positive benefits of the Enterprise Zone program in local communities and on a statewide economic level.

BE IT FURTHER RESOLVED that the Lodi City Council authorizes the City Manager or his designee to communicate its support for the Enterprise Zone program and to submit written comment to the State Department of Housing and Community Development on its proposed enterprise zone regulations by 5:00 p.m. on February 28, 2013.

Dated: February 20, 2013

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I hereby certify that Resolution No. 2013-20 was passed and adopted by the Lodi City Council in a regular meeting held February 20, 2013, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, Mounce, and  
Mayor Nakanishi

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Johnson

ABSTAIN: COUNCIL MEMBERS – None

  
RANDI JOHL  
City Clerk