

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING:	May 11, 2010	AGENDA NO.:	23
SUBJECT:	Adopt a Resolution to support the State of California Enterprise Zone Program.		
DEPARTMENT:	CAO – Intergovernmental & Legislative Affairs		

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Adopt a resolution to support the State of California Enterprise Zone Program.

SUMMARY/DISCUSSION:

The State of California is currently facing an approximately \$20 billion budget deficit for FY 2010-11. Due to the magnitude of this deficit, the Legislature is considering cuts to nearly all programs, including the Enterprise Zone Program. The loss or severe curtailment of the Enterprise Zone’s benefits could make business attraction and retention far more difficult, hindering efforts to reduce poverty, unemployment, and crime by attracting businesses that will provide jobs to residents.

In an effort to educate legislators on the importance of Enterprise Zones to local communities, many communities throughout the State have sent letters or adopted Resolutions in support of the Enterprise Zone Program. The attached Resolution would make it clear that the County supports the Enterprise Zone Program and believes that the State should make the preservation of this program a priority.

Under the Enterprise Zone Program, up to 42 areas throughout the State can receive significant benefits for businesses located within an Enterprise Zone. These benefits include:

1. Hiring credits worth up to 50% of an employee’s wages for employers that hire new employees;
2. Tax credits to offset sales and use taxes on up to \$20 million worth of equipment;
3. A business expense deduction that effectively allows a business to depreciate 40% of the cost of new equipment within the first year of use;
4. A 15-year net operating loss carry forward; and
5. The ability for lenders to write off the net interest earned on loans to businesses within the Enterprise Zone.

In 2007, the County joined with the Cities of Salinas, Gonzales, Soledad, Greenfield, and King City, to prepare an application to designate a Salinas Valley Enterprise Zone (SVEZ). On January 30, 2009, the Salinas Valley Enterprise Zone received a 15-year designation from the California Department of Housing and Community Development. Since the Zone’s inception, Enterprise Zone staff has issued 560 Hiring Credit Vouchers, 119 of which were noted as new positions and 441 jobs retained at 118 businesses. Enterprise Zone staff has also worked with several public and community organizations, including the Monterey County OneStop Career Center and Operation Ceasefire, to help businesses understand the tax benefits they can receive from hiring individuals with particular challenges.

On April 19, 2010, the SVEZ Advisory Board approved a resolution to support the Enterprise Zone Program. A Memorandum of Understanding (“MOU”) between the County of Monterey and the Cities of Salinas, King City, Greenfield, Gonzales and Soledad established the Salinas Valley Enterprise Zone Advisory Board to review ongoing Zone program activities and make

policy recommendations to the Enterprise Zone Manager. Each participating jurisdiction in the SVEZ is requesting their governing body adopt a resolution to support the Enterprise Zone Program.

OTHER AGENCY INVOLVEMENT:

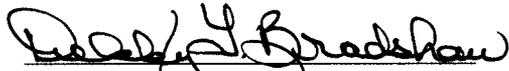
The Cities of Salinas, King City, Greenfield, Gonzales and Soledad are the participating jurisdictions in the SVEZ. The Director of Social and Employment Services supports the adoption of the resolution.

FINANCING:

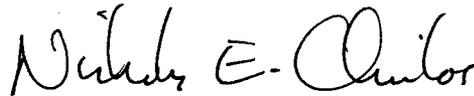
There is no financial impact to the General Fund with this recommendation.

Prepared by:

Approved by:



Debby L. Bradshaw
Management Analyst III



Nicholas E. Chiulos, Intergovernmental
and Legislative Affairs Director

4-27-10

Date

4-27-10

Date

- c: City Manager, City of Salinas
- City Manager, City of King
- City Manager, City of Greenfield
- City Manager, City of Gonzales
- City Manager, City of Soledad
- City of Salinas, SVEZ Manager
- OEDC Members

Attachments: Resolution