

**ASSEMBLY BILL**

**No. 1242**

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**Introduced by Assembly Member Melendez**

February 22, 2013

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An act to amend Section 7073.1 of the Government Code, relating to enterprise zones.

LEGISLATIVE COUNSEL'S DIGEST

AB 1242, as introduced, Melendez. Enterprise zones.

The Enterprise Zone Act provides for the designation and oversight by the Department of Housing and Community Development of various types of economic development areas throughout the state, including enterprise zones, targeted tax areas, local agency military base recovery areas (LAMBRAs), and manufacturing enhancement areas, collectively known as geographically targeted economic development areas, or G-TEDAs. Pursuant to these provisions, qualifying entities in those areas may receive certain tax and regulatory incentives. These provisions specify requirements for designating an area as an enterprise zone.

This bill would make technical, nonsubstantive changes to this provision.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 7073.1 of the Government Code is
- 2 amended to read:
- 3 7073.1. (a) Except as provided in subdivision (e), ~~any~~ a city,
- 4 county, or city and county with an eligible area within its

1 jurisdiction may complete a preliminary application for designation  
2 as an enterprise zone. The applying entity shall establish definitive  
3 boundaries for the proposed enterprise zone and the targeted  
4 employment area. An entity may propose zones in areas with  
5 noncontiguous boundaries, and the department may designate those  
6 areas as zones if the director determines both of the following:

7 (1) The noncontiguous area is needed to implement the  
8 applicant's economic development strategy.

9 (2) The excluded area between the proposed zone boundaries  
10 would not, based on the proposed economic strategy, also benefit  
11 from the zone designation.

12 (b) (1) In designating enterprise zones, the department shall  
13 select from the applications submitted those proposed enterprise  
14 zones that, upon a comparison of all of the applications submitted,  
15 indicate that they propose the most appropriate economic  
16 development strategy and implementation plan utilizing state and  
17 local programs and incentives to create jobs, attract private sector  
18 investment, and improve the economic conditions within the zone  
19 proposed. The department shall prescribe a format that promotes  
20 succinct and focused strategies and plans, and set minimum  
21 standards for the strategies and plans. For the purposes of this  
22 subdivision, important elements of a strategy or plan may include,  
23 but are not limited to, all of the following:

24 (A) An assessment of current financial and community  
25 development strengths, needs, and opportunities.

26 (B) A framework for investment of time, action, and money.

27 (C) Clear articulation of goals.

28 (D) Measurable objectives, including targets.

29 (E) Proposed implementation activities and tasks, including  
30 timeframes, and a framework for evaluating performance, including  
31 qualitative and quantitative benchmarks.

32 (2) For purposes of this subdivision, local incentives may  
33 include, but are not limited to, all of the following:

34 (A) The suspension or relaxation of locally originated or  
35 modified building codes, zoning laws, general development plans,  
36 or rent controls.

37 (B) The elimination or reduction of fees for applications,  
38 permits, and local government services.

39 (C) The establishment of a streamlined permit process.

1 (D) Elimination or reduction of construction taxes or business  
2 license taxes.

3 (E) The provision or expansion of infrastructure.

4 (F) The targeting of federal block grant moneys, including small  
5 cities, education, and health and welfare block grants.

6 (G) The targeting of economic development grants and loan  
7 moneys, including grant and loan moneys provided by the United  
8 States Department of Housing and Urban Development.

9 (H) The targeting of state and federal job disadvantaged and  
10 vocational education grant moneys, including moneys provided  
11 by the federal Workforce Investment Act of 1998 (Public Law  
12 105-220), or its successor.

13 (I) The targeting of federal or state transportation grant moneys.

14 (J) The targeting of federal or state low-income housing and  
15 rental assistance moneys.

16 (K) The use of tax allocation bonds, special assessment bonds,  
17 bonds under the Mello-Roos Community Facilities Act of 1982  
18 (Chapter 2.5 (commencing with Section 53311) of Part 1 of  
19 Division 2 of Title 5), industrial development bonds, revenue  
20 bonds, private activity bonds, housing bonds, bonds issued pursuant  
21 to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4  
22 (commencing with Section 6584) of Chapter 5), certificates of  
23 participation, hospital bonds, redevelopment bonds, school bonds,  
24 and all special provisions provided for under federal tax law for  
25 enterprise community or empowerment zone bonds.

26 (3) When designating new enterprise zones, the department  
27 shall take into consideration the location of existing zones and  
28 make every effort to locate new zones in a manner that will not  
29 adversely affect ~~any~~ *an existing zones zone*.

30 (4) When reviewing and ranking *a* new enterprise zone  
31 ~~applications~~ *application*, the department shall give bonus points  
32 ~~to applications~~ *an application* from ~~jurisdictions~~ *a jurisdiction* that  
33 ~~meet~~ *meets* minimum threshold points and at least two of the  
34 following criteria:

35 (A) The percentage of households within the census tracts of  
36 the proposed enterprise zone area, the income of which is below  
37 the poverty level, is at least 17.5 percent.

38 (B) The average unemployment rate for the census tracts of the  
39 proposed enterprise zone area was not less than five percentage

1 points above the statewide average for the most recent calendar  
2 year as determined by the Employment Development Department.

3 (C) The applicant jurisdiction has, and can document that it has,  
4 a unique distress factor affecting long-term economic development,  
5 including, but not limited to, resource depletion, plant closure,  
6 industry recession, natural disaster, or military base closure.

7 (5) Except as modified pursuant to paragraph (4), applications  
8 shall be ranked by the appropriateness of the economic  
9 development strategy and implementation plan, including all of  
10 the following:

11 (A) The extent the strategy clearly identifies the local resources,  
12 incentives, and programs that will be made available to the zone  
13 for meeting its goals and objectives.

14 (B) The extent the strategy provides for attracting private sector  
15 investment.

16 (C) The extent the strategy includes related regional and  
17 community-based partnerships for achieving the goals and  
18 objectives in the strategy.

19 (D) The extent the strategy fits within the jurisdiction’s overall  
20 economic development strategy, including the extent the strategy  
21 and implementation plan is appropriate for the local community.

22 (E) The extent the strategy addresses the hiring and retention  
23 of unemployed or underemployed residents or low-income  
24 individuals in the proposed zone and surrounding areas.

25 (F) The extent the strategy sets reasonable and measurable  
26 benchmarks, goals, and objectives.

27 (G) The extent the strategy sets forth an appropriate funding  
28 schedule for management, oversight, and program delivery within  
29 the zone relative to the benchmarks, goals, and objectives in the  
30 strategy.

31 (H) The extent that the economic development strategy has a  
32 comprehensive incentive package for attracting private investment  
33 to the enterprise zone.

34 (c) In evaluating applications for designation, the department  
35 shall ensure that applications are not disqualified solely because  
36 of technical deficiencies, and shall provide applicants with an  
37 opportunity to correct the deficiencies. Applications shall be  
38 disqualified if the deficiencies are not corrected within two weeks.

39 (d) Except upon dedesignation pursuant to subdivision (c) of  
40 Section 7076.1, Section 7076.2, or Section 7085.1, a designation

1 made by the department shall be binding for a period of 15 years  
2 from the date of the original designation.  
3 (e) This section shall only apply to enterprise zone applications  
4 for which the department has issued a solicitation for new  
5 enterprise zone designations on or after January 1, 2007.

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