

Introduced by Senator DeSaulnier

January 28, 2013

An act to amend Section 7073.1 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

SB 133, as introduced, DeSaulnier. Enterprise zones: applications.

The Enterprise Zone Act provides for the designation of enterprise zones by the Department of Housing and Community Development, based on the department's approval of applications from a city, county, or city and county with a geographic area meeting certain criteria. The act, among other things, sets forth the application process.

This bill, for any application for an enterprise zone designation submitted on or after January 1, 2014, if any portion of the proposed zone is within, or was previously within, the boundaries of a previously designated zone, or if any portions of the proposed zone are within, or previously were within, the boundaries of 2 or more previously designated enterprise zones, would prohibit the proposed enterprise zone from exceeding a specified aggregate size.

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 (c), any~~ Any
- 4 city, county, or city and county with an eligible area within its
- 5 jurisdiction may complete a preliminary application for designation

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

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

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

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

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

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

26 (C) Clear articulation of goals.

27 (D) Measurable objectives, including targets.

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

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

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

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

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

39 (D) Elimination or reduction of construction taxes or business
40 license taxes.

- 1 (E) The provision or expansion of infrastructure.
- 2 (F) The targeting of federal block grant moneys, including small
3 cities, education, and health and welfare block grants.
- 4 (G) The targeting of economic development grants and loan
5 moneys, including grant and loan moneys provided by the United
6 States Department of Housing and Urban Development.
- 7 (H) The targeting of state and federal job disadvantaged and
8 vocational education grant moneys, including moneys provided
9 by the federal Workforce Investment Act of 1998 (Public Law
10 105-220), or its successor.
- 11 (I) The targeting of federal or state transportation grant moneys.
- 12 (J) The targeting of federal or state low-income housing and
13 rental assistance moneys.
- 14 (K) The use of tax allocation bonds, special assessment bonds,
15 bonds under the Mello-Roos Community Facilities Act of 1982
16 (Chapter 2.5 (commencing with Section 53311) of Part 1 of
17 Division 2 of Title 5), industrial development bonds, revenue
18 bonds, private activity bonds, housing bonds, bonds issued pursuant
19 to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4
20 (commencing with Section 6584) of Chapter 5), certificates of
21 participation, hospital bonds, redevelopment bonds, school bonds,
22 and all special provisions provided for under federal tax law for
23 enterprise community or empowerment zone bonds.
- 24 (3) When designating new enterprise zones, the department
25 shall take into consideration the location of existing zones and
26 make every effort to locate new zones in a manner that will not
27 adversely affect any existing zones.
- 28 (4) When reviewing and ranking new enterprise zone
29 applications, the department shall give bonus points to applications
30 from jurisdictions that meet minimum threshold points and at least
31 two of the following criteria:
 - 32 (A) The percentage of households within the census tracts of
33 the proposed enterprise zone area, the income of which is below
34 the poverty level, is at least 17.5 percent.
 - 35 (B) The average unemployment rate for the census tracts of the
36 proposed enterprise zone area was not less than five percentage
37 points above the statewide average for the most recent calendar
38 year as determined by the Employment Development Department.
 - 39 (C) The applicant jurisdiction has, and can document that it has,
40 a unique distress factor affecting long-term economic development,

1 including, but not limited to, resource depletion, plant closure,
2 industry recession, natural disaster, or military base closure.

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

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

10 (B) The extent the strategy provides for attracting private sector
11 investment.

12 (C) The extent the strategy includes related regional and
13 community-based partnerships for achieving the goals and
14 objectives in the strategy.

15 (D) The extent the strategy fits within the jurisdiction's overall
16 economic development strategy, including the extent the strategy
17 and implementation plan is appropriate for the local community.

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

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

23 (G) The extent the strategy sets forth an appropriate funding
24 schedule for management, oversight, and program delivery within
25 the zone relative to the benchmarks, goals, and objectives in the
26 strategy.

27 (H) The extent that the economic development strategy has a
28 comprehensive incentive package for attracting private investment
29 to the enterprise zone.

30 (c) *For any application for an enterprise zone designation*
31 *submitted on or after January 1, 2014, both of the following shall*
32 *apply:*

33 (1) *If any portion of the proposed zone is within, or previously*
34 *was within, the boundaries of a previously designated enterprise*
35 *zone, the aggregate size of the proposed enterprise zone shall not*
36 *exceed the size of the previously designated enterprise zone by*
37 *more than 15 percent.*

38 (2) *If any portions of the proposed zone are within, or previously*
39 *were within, the boundaries of two or more previously designated*
40 *enterprise zones, the aggregate size of the proposed enterprise*

1 zone shall not exceed the size of the largest single previously
2 designated enterprise zone by more than 15 percent.

3 ~~(e)~~

4 (d) In evaluating applications for designation, the department
5 shall ensure that applications are not disqualified solely because
6 of technical deficiencies, and shall provide applicants with an
7 opportunity to correct the deficiencies. Applications shall be
8 disqualified if the deficiencies are not corrected within two weeks.

9 ~~(d)~~

10 (e) Except upon dedesignation pursuant to subdivision (c) of
11 Section 7076.1, Section 7076.2, or Section 7085.1, a designation
12 made by the department shall be binding for a period of 15 years
13 from the date of the original designation.

14 ~~(e)~~

15 (f) This section shall ~~only~~ apply *only* to enterprise zone
16 applications for which the department has issued a solicitation for
17 new enterprise zone designations on or after January 1, 2007.