

Discussion Document - Topics for Potential Enterprise Zone Reform
CA Department of Housing and Community Development
November 2, 2011, 9 a.m. – 11 a.m.

Topics for Potential Rulemaking:

1. Over-all clean-up of out-dated regulations
2. Streamline and provide greater clarity for issuance of vouchers
3. Provide greater tools to track distribution and redemption of credits
4. Review and update audit procedures
5. Limit retroactive vouchering
 - a. Two Potential Options:
 - i. Require Pre-Certification of vouchers immediately after hiring
 - ii. Issue vouchers annually with a maximum one-year look-back
 - b. Other Means?
6. Update criteria that HCD uses to award designations
7. Increase HCD discretion to grant expansion requests
 - a. Elimination of expansions as of right
 - b. Provide new criteria for determining whether to grant expansions
 - i. Compliance with audits
 - ii. Compliance with reporting obligations
 - iii. Compliance with duties under MOUs
 - iv. Other criteria
8. Allow HCD to use census blocks to determine Zone and TEA sizes
9. Clarify that existing tax incentives apply for the installation of distributed power generation on commercial facilities
10. Clarify that existing tax incentives apply to the installation of pollution mitigation measures on commercial facilities
11. Eliminate requirement that localities maintain linkage fee exemptions that reduce financial support for affordable housing and other preferred economic and community development activities within Enterprise Zones

Topics for potential legislative reforms to recommend to Administration:

1. [Any of the above that cannot be accomplished through rulemaking]
2. Review of Existing Legislative efforts

- AB 231 (Perez, V.)
- AB 232 (Perez, V.)
- AB 1278 (Hill)
- AB 1411 (Perez, V.)
- SB 301
- And others from prior sessions

3. Limit the availability of credits to employers who create new jobs in California, not for hiring only new employees

4. Eliminating hiring criteria, including the “Targeted Employment Area” qualification which accounts for 80-90 percent of the credits issued

5. Change the Hiring Credit Payout Schedule

- Invert the current system to increase the tax credit the longer the employee remains with the business, up to 3 years.
- Provide an additional multiplier to the incentive for new jobs that are manufacturing, and a second multiplier for green jobs.