



OPPOSE SB 974 (Steinberg) – Eliminates Key Enterprise Zone Incentives

May 10, 2010

TO: Members of the Senate Committee on Revenue and Taxation

The California Chamber of Commerce, on behalf of the coalition of the below-listed employer organizations and companies, must respectfully **OPPOSE SB 974 (Steinberg)**, as amended May 3, 2010, which would effectively gut the California Enterprise Zone (EZ) program hiring tax credit.

SB 974 proposes to create a “career pathways” tax credit in an effort to bolster career technical education efforts in this state. However, this new tax credit is “paid for” by eliminating key provisions of California’s successful Enterprise Zone Program. Two specific provisions of the EZ Program would be decimated if **SB 974** were enacted. The EZ Program provides important benefits to businesses that invest in some of California’s most economically distressed areas and provide jobs to disadvantaged individuals.

First, **SB 974** would eliminate the Targeted Employment Area (TEA) from the list of eligibility criteria for the EZ hiring tax credit. As such, the incentive to hire individuals from certain low-income neighborhoods with historically high levels of unemployment and poverty would be eliminated. Because a large number of hiring credit vouchers are issued under the TEA criterion, the practical effect of this provision will be to eliminate the mostly widely used benefit of the EZ Program. The TEA criterion is appropriate because it focuses on hiring individuals who reside in the most economically distressed areas within and surrounding an enterprise zone in this state.

Second, **SB 974** would require all hiring tax credit certifications (also known as vouchers) to be completed within 21 days of an individual being hired. There are detailed statutes and regulations promulgated by HCD which provide specific documentation standards and other requirements for obtaining vouchers under the fourteen eligibility criteria. This provision is an arbitrary and impractical deadline that will preclude most employers, particularly small businesses, from claiming the EZ hiring tax credits to which they are otherwise lawfully entitled. The practical effect of this provision is to eliminate “retroactive vouchering” and instead impose an unreasonable burden upon businesses to obtain vouchers in an unrealistic timeframe.

California’s EZ program is vital to California’s economy and economic recovery. For these and other reasons, we strongly **OPPOSE SB 974** and urge your **“NO”** vote.

Sincerely,



Kyla Christoffersen
Policy Advocate

7-Eleven Franchise Owners of San Diego
ACE Parking
All American Plastics, Inc.
Aloha Restaurants, Inc.
Amazon Consultants
American National Investments, Inc.
Atlas Transportation, LLC
Baja Mex Currency Services, Inc.
Barbosa Cabinets, Inc.
Basic Urban Kitchen
Blum and Clark Accounting Firm
Brawley Chamber of Commerce
C&I Tax Consultants
C&M Motors, Inc.
Café 222
Café Sevilla, Inc.
Cal Tax Group, Inc.
California Aerospace Technology
Association
California Bankers Association
California Business Properties Association
California Chamber of Commerce
California Employment Opportunity
Network
California Grocers Association
California Independent Grocers Association
California Manufacturers and Technology
Association
California Retailers Association
California Taxpayers Association
Caterpillar Inc.
Chambers of Commerce Alliance of Ventura
& Santa Barbara Counties
Chung and Company, LLC

Cinder Block, Inc.
Citymark Development, LLC
Commercial Transport Concepts, Inc.
Community Bank of the Bay
Compete Consulting, LLC
Contractors Wardrobe, Inc.
Courtney Tires, Inc.
Cowboy Star
Cozad Trailer Sales, LLC
Custom Woodworking Products
CustomEyes Optometry
Dairy Institute of California
Dallo Enterprises, Inc.
Dana Point Chamber of Commerce
Del Monte Foods
Dos Amigos Distribution, Inc.
Easy Cash Community Pawn Centers
Economic Development Corporation of
Oxnard
Edgewater Grill
El Centro Chamber of Commerce & Visitors
Bureau
Evapco West
EZ Tax Credits, LLC
Gatto, Pope & Walwick, LLP
Golden Image Window Coverings
Greater Fresno Area Chamber of Commerce
Grocery Outlet
Harbor House Restaurant
HP Hood LLC
Integrated Marine Services, Inc.
Interactivate, Inc.
International Paper
International Surf Ventures, Inc.

Jillson & Roberts
Kieran Label Corp.
Long Beach Area Chamber of Commerce
Los Angeles Area Chamber of Commerce.
Los Angeles Cold Storage Company
Marcus & Millichap
Marine Service Commercial Diving
Marza Consulting
MD&CD, Inc.
Means and Associates
Merced County
Metal Supply Inc.
Michael L. Dworkin and Associates
MIRA California USA Center, LLC
Mission Café
Modesto Chamber of Commerce
Multimodal Esquer
National City Chamber of Commerce
National Federation of Independent
Business
National Mechanical Services
O'Brothers Restaurant
Oakland Metropolitan Chamber of
Commerce
Otay Mesa Chamber of Commerce
Oxnard Chamber of Commerce
Pacific Gas & Electric
Pacific Lift and Equipment
Pacific Real Estate
Palm Desert Chamber of Commerce
Paramount Windows and Doors
Paul Mitchell Partner Schools
Peppertree Distributors, Inc.
Pier Café
Porterville Chamber of Commerce
Portfolio Realty Management, Inc.
Professional Solutions Group LLC
Proper Gastropub
Rainbow Mart
Riverview Systems Group Inc

San Diego Desserts
San Diego Pretzel Co.
San Diego Regional Chamber of Commerce
San Francisco Center for Economic
Development
San Ysidro Chamber of Commerce
Sandicast
SC Design, Inc.
Seat Advisors, Inc.
Sempra Energy
sfparty
Side Bar
Sixth Avenue Bistro
Southwest Airlines
Stingaree San Diego
Summit Bank
Tactical Assault Gear
Targeted Management Company, Inc.
Tenacore Holdings Inc.
The Enterprise Zone Co.
The Fleetwood
The Kebab Shop
The Tin Fish
The Walt Disney Company
Tilted Kilt
Tittle & Company, LLP
Tooth Fairy Dental Group
Troll Systems Corporation
TUFF Acoustical and Thermal
Unity Forest Products
Urban Industries Embroidery
Vermont Outlet, Inc.
Walton Management Services, Inc.
Waterfront Bar and Grill
Western Growers Association
Windsor Mortgage and Capital
Wine Steals
World Wide Petroleum
WW Wholesale
Yreka Chamber of Commerce

cc: The Honorable Darrell Steinberg
Jennifer Kent, Office of the Governor
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Julia King, Assembly Republican Caucus
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Kristen Kolpitcke, Office of Planning and Research