

ASSEMBLY BILL

No. 850

Introduced by Assembly Member Morrissey

February 22, 1995

An act to amend Section 7073 of the Government Code, relating to enterprise zones.

LEGISLATIVE COUNSEL'S DIGEST

AB 850, as introduced, Morrissey. Economic development.

Existing law authorizes the governing body of a city or county to propose the designation for 15 years of areas within its respective jurisdiction as enterprise zones based upon specified findings that those areas are depressed areas and in need of private sector investment. The Trade and Commerce Agency is authorized to designate not more than 27 enterprise zones within the state based on its determination that the zones propose the most effective, innovative, and comprehensive regulatory tax program, and other incentives in attracting private sector investment in the zones proposed. Under the Employment and Economic Incentive Act, a city, county, or city and county may apply to the agency in order to designate certain areas as economic development areas that may receive tax incentives, special assistance, startup capital, and other incentives for private investment and employment.

This bill would authorize the applicant for the original designation to request that the agency convert an area from

an economic development area to an enterprise zone or from an enterprise zone to an economic development area.

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

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

1 SECTION 1. Section 7073 of the Government Code is
2 amended to read:

3 7073. (a) The governing body of any city or county
4 may, either by ordinance or resolution, propose an
5 eligible area plus one commercial or industrial area or
6 both within its respective jurisdiction as the geographic
7 area for an enterprise zone. A county may propose an
8 area within the unincorporated area as the geographic
9 area for an enterprise zone, but shall not propose an area
10 within an incorporated area. This proposed geographic
11 area shall be based upon findings by the governing body
12 that the area is a depressed area and that the designation
13 as an enterprise zone is necessary in order to assist in
14 attracting private sector investment in the area. The city
15 or county shall establish definitive boundaries for the area
16 to be included in the application for designation and, if
17 designated by the agency, the designation shall be
18 binding for a period of 15 years.

19 (b) Following the application for designation of an
20 enterprise zone by a city or county, the governing body
21 shall apply to the agency for designation. The agency shall
22 adopt regulations and guidelines concerning the
23 necessary contents of each application for designation.

24 (c) Any city, county, or city and county with an
25 eligible area within its jurisdiction may complete a
26 preliminary application. A maximum of 20 applications
27 may be chosen each year to complete a final application.

28 (d) (1) From the applications received, the agency
29 may designate not more than 27 enterprise zones within
30 the state, one of which may be designated an airport
31 enterprise zone and not more than three of which may be
32 designated high technology enterprise zones.



1 (2) In the case of any existing enterprise zone or area
2 established pursuant to Chapter 12.9 (commencing with
3 Section 7080), or any new enterprise zone or area
4 established pursuant to Chapter 12.9 (commencing with
5 Section 7080) designated on or after the effective date of
6 the act adding this paragraph, a city or county may
7 propose that the enterprise zone or area established
8 pursuant to Chapter 12.9 (commencing with Section
9 7080) ~~within the incorporated area~~ be expanded by 15
10 percent to include definitive boundaries that are
11 contiguous to the enterprise zone or area established
12 pursuant to Chapter 12.9 (commencing with Section
13 7080). The agency may approve that expansion for
14 enterprise zones based upon the criterion specified in
15 subdivision (g), and for expansion of areas established
16 pursuant to Chapter 12.9 (commencing with Section
17 7080), the criterion specified in Section 7082.

18 (3) Notwithstanding any other provision to the
19 contrary, the two additional enterprise zones authorized
20 by the act adding this paragraph shall be designated by
21 the agency pursuant to Section 7073.7. For the purposes
22 of applying any provision of the Revenue and Taxation
23 Code, the two additional enterprise zones designated
24 pursuant to Section 7073.7 shall be deemed designated by
25 this section.

26 (e) The agency shall review the progress and
27 effectiveness of each enterprise zone within five years of
28 the date of designation, or by December 31, 1999, for
29 zones designated prior to January 1, 1994, and every five
30 years thereafter, and report the findings to the
31 Legislature.

32 (f) In designating enterprise zones, the agency shall
33 select from the applications submitted those proposed
34 enterprise zones which, based on those applications,
35 meet, to the extent possible, the following criterion:

36 Those proposed enterprise zones which, upon a
37 comparison of all of the applications submitted, indicate
38 that they propose the most effective, innovative, and
39 comprehensive regulatory, tax, program, and other



1 incentives in attracting private sector investment in the
2 zone proposed.

3 For purposes of this subdivision, regulatory incentives
4 include, but are not limited to, all of the following: the
5 suspension or relaxation of locally originated or modified
6 building codes, zoning laws, general development plans,
7 or rent controls; the elimination or reduction of fees for
8 applications, permits, and local government services; and
9 the establishment of a streamlined permit process.

10 Tax incentives include, but are not limited to, the
11 elimination or reduction of construction taxes or business
12 license taxes.

13 Program and other incentives may include, but are not
14 limited to, all of the following: the provision or expansion
15 of infrastructure; the targeting of federal block grant
16 moneys, including small cities, education, and health and
17 welfare block grants; the targeting of economic
18 development grants and loan moneys, including grant
19 and loan moneys provided by the federal Urban
20 Development Action Grant program and the federal
21 Economic Development Administration; the targeting of
22 state and federal job disadvantaged and vocational
23 education grant moneys, including moneys provided by
24 the federal Job Partnership Training Act of 1982; the
25 targeting of federal or state transportation grant moneys;
26 and the targeting of federal or state low-income housing
27 and rental assistance moneys.

28 In the process of designating new zones, the agency
29 shall take into consideration the location of existing zones
30 and make every effort to locate new zones in a manner
31 that will not adversely affect any existing zones.

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

38 (h) For purposes of this section, “high technology
39 enterprise zone” means an enterprise zone which is
40 intended to attract private sector investment in high



1 technology industries and is proposed to be located in an
2 area which would permit the association of those
3 industries with an urban university or college.

4 (i) The applications and selection criteria for
5 designation adopted pursuant to Section 7076 prior to the
6 effective date of the act adding this subdivision shall apply
7 to this section, as amended by the act adding this
8 subdivision.

9 (j) Section 7076 shall not apply to the extent it conflicts
10 with the provisions of the act adding this subdivision.

11 (k) For purposes of this section, “airport enterprise
12 zone” means an enterprise zone intended to attract
13 private sector investment in aviation-dependent
14 industries, commercial aviation, and other commercial
15 and industrial activity and which includes a rural airport
16 located within unincorporated territory.

17 *(l) Notwithstanding Section 7077, the applicant for the*
18 *original designation may, by adopted resolution, request*
19 *that the agency convert an area from a program area*
20 *under Chapter 12.9 (commencing with Section 7080) to*
21 *an enterprise zone, or from an enterprise zone to a*
22 *program area under Chapter 12.9 (commencing with*
23 *Section 7080). The agency shall approve any request for*
24 *conversion that complies with this subdivision and any*
25 *implementing regulations. A conversion shall not affect*
26 *the duration of the designation of an area, which shall*
27 *remain as contained in the original designation.*

