

The targeted employment area of a temporarily extended EZ would be required to be updated whenever data from the United States Census Bureau becomes available.

The EDD and the SDE would be required to give high priority to the training of unemployed individuals, as specified, and the EDD would be required to provide letters to certain unemployed individuals that could be used to certify their eligibility as qualified employees for purposes of the EZ hiring credit, as specified.

The temporary extension would expire on the earlier of December 31, 2014, or the date the DHCD issues conditional designations to reach the maximum number of EZs allowed.

The DHCD would be required to notify the Franchise Tax Board (FTB) of an extension of an EZ designation within 60 days of the extension.

The DHCD would be required to provide notification of the expiration of an EZ's temporary extension to the FTB within 60 days of the expiration date.

The new section added by this bill would remain in effect until January 1, 2015, unless a later enacted statute that is enacted before January 1, 2015, deletes or extends this date.

IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concerns. Department staff is available to work with the author's office to resolve this concern and other concerns that may be identified.

Because this bill would require an EZ expiring during 2012 to send a letter of intent to reapply for EZ designation before the expiration date, it is unclear whether all EZs with a 2012 expiration date would be eligible for temporary extension. If it is the author's intent for temporary extension to be available to all EZs expiring during 2012, it is suggested that this bill be amended to remove the requirement that the letter of intent be sent prior to the EZ's expiration date.

The bill is silent on the effect of an extended EZ's failure to meet the specified reporting requirements. If this is contrary to the author's intent, this bill should be amended.

It is unclear that EZ benefits would be available to businesses located in the expanded area of a temporarily redesignated EZ because the bill's language expressly limits eligibility for EZ benefits to businesses located within the geographic boundaries of the previous EZ. Additionally, the bill fails to specify how and by whom an expansion would be approved and communicated to affected taxpayers and the department. It is suggested that this bill be amended to clarify the author's intent regarding an expired EZ's ability to expand in size in conjunction with a temporary extension of the EZ designation.

The bill's January 1, 2015, repeal date could occur prior to the end of the 60 day period for the DHCD to provide notification of the expiration of an extended EZ's designation. Although this would eliminate the DHCD's notification obligation, the DHCD could, and presumably would, continue to notify the FTB of the expiration of an EZ's extended designation absent the statutory requirement. In order to preserve the notification requirement for the duration of any potential notification period, the author may wish to amend the bill to provide that notification occurs within the 60 day period prior to the earlier of the EZ's extended expiration date or January 1, 2015.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of AB 484, as Amended June 20, 2012 Operative January 1, 2013 for EZs Expiring During 2012 Enactment Assumed On or Before September 30, 2012 (\$ in Millions)			
2012-13	2013-14	2014-15	2015-16
-\$12	-\$16	-\$14	-\$13

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

SUPPORT/OPPOSITION¹

Support: Aaron's, Aerowire Technical Services,
American Council of Engineering Companies,
Antelope Valley Black Chamber of Commerce, Antelope Valley Board of Trade,
Antelope Valley Chamber of Commerce, Antelope Valley Harley-Davidson,
Antelope Valley Mall, Building Industry Association of Southern California,
Burkey Cox Evans & Bradford, Accountancy Corporation,
California Aerospace and Technology Association,
California Asian Pacific Chamber of Commerce,
California Association for Local Economic Development,
California Association of Enterprise Zones, California Bankers Association,
California Business Properties Association, California Chamber of Commerce,
California Employment Opportunity Network, California Grocers Association,
California Independent Bankers Association,

¹ Senate Governance and Finance Committee Analysis date June 21, 2012.

California Manufacturing and Technology Association, California Retailers Association, Camacho Auto Sales, City of Colton, City of Hesperia, City of Kingsburg, City of Lancaster, City of Mendota, City of Palmdale, City of Salinas, City of Selma, City of Watsonville, Coalition of Small and Disabled Veterans Businesses, Del Mar Food Products Corporation, Douglas B. Weber Dentistry, Elyxir Distributing, LLC, Goodwill Southern California, Granite Construction Co., Greater Antelope Valley Association of Realtors, Greater Antelope Valley Economic Alliance, HL Performance Converters, Lancaster Chamber of Commerce, Lance Camper, League of California Cities, League of Cities, Los Angeles Division, Lockheed Martin, Long Beach Area Chamber of Commerce, Los Angeles Area Chamber of Commerce, Los Angeles County Economic Development Commission, Los Angeles County Economic Development Corporation, Mayor Steve Tate, City of Morgan Hill, Mayor Pro Tempore Richard Constantine, City of Morgan Hill, MB-Technology, Museum of Art & History, National City Chamber of Commerce, Nordic's Naturals, Palmdale Chamber of Commerce, Santa Cruz Chamber of Commerce, SSA Marine, Stanislaus Economic Development & Workforce Alliance, The Greenlining Institute, Town of Apple Valley UAW, Local 887, United Parcel Service, and Vice Mayor Madison Nguyen, City of San Jose.

Opposition: California Conference Board of the Amalgamated Transit Union, California Labor Federation, California Nurses Association, California Professional Firefighters, California Tax Reform Association, California Teamsters Public Affairs Council, Engineers and Scientists of California, International Longshore and Warehouse Union, National Nurses Organizing Committee, Professional and Technical Engineers – Local 21, State Building and Construction Trades Council, United Food and Commercial Workers Union, UNITE HERE, Utility Workers Union of America – Local 132, Western States Council.

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