



# CAPITOL WEEKLY

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## In defense of the enterprise zones: California needs them

By [Daniel Morrow](#) (published Thursday, February 12, 2009)

As the owner of a business that could be listed on the endangered species list, small high-tech manufacturer located in California, I read with a mix of dismay and amusement the recent reporting on a study which questioned the value of enterprise zones in California.

This is one of those cases where the academic process of undertaking a study of a program's effectiveness clearly diverted from the real world experience of those utilizing the program and experiencing the results.

I can unequivocally say that certain aspects of the enterprise zone program that we have been able to take advantage of at Opt-Test has allowed us to train and employ more workers. Let me make this perfectly clear for those academics in the audience – without the Shasta Metro Enterprise Zones there would be more people unemployed or working at much reduced wages here in Shasta County.

We are just one company, but I have spoken with numerous other business owners in the enterprise zone here who share my experience and my sentiment. The enterprise zone program in California is vital to the continued success of hundreds of businesses throughout the state.

California is 48th out of 50 states in terms of cost of doing business (that is not good for our job creation prospects). Add to that the regulatory burdens in this state and the general business unfriendly atmosphere and it becomes very hard to understand why anyone would choose to locate any business, especially a manufacturing operation that does business worldwide, in California.

The Enterprise Zones scattered throughout the state are like a business-friendly oasis in the desert of high-cost and regulation that is California. The tax breaks for buying equipment and hiring people provide exactly the kind of incentive that is necessary to get business to stay in California in the first place and serve as an attraction for new businesses as well, one of the very few California has to offer.

In the midst of a recession the last thing you want is causing businesses to consider leaving California. This study and those that are behind it are doing exactly that by threatening the status of the enterprise zone program. Many businesses depend on the program to give them the competitive advantage they need to keep their doors open and stay in California. If you send the message that the program is in question they may very well decide to start seeking alternatives to their current location. That would mean job losses at the very moment we are trying to create jobs on a massive scale due to the deep economic downturn.

In the face of this recession the Economic Development Corporation of Shasta County (EDC) launched a concentrated effort to help businesses in the region stay afloat. A major pillar of this program is letting businesses that are in the enterprise zone know about the various tools that they have at their disposal to increase their competitiveness and help their bottom line.

This program has been very effective as many businesses locally have attended the seminars on the eEnterprise zone and many have taken advantage of the various incentives the zone has to offer.

According to the EDC numerous vouchers of reemployment credits have been cashed in by Shasta County companies. This means in millions of dollars has gone straight to the bottom line of these companies. That money could very well have been the difference that landed them in the black, not in the red.

IN addition because the vouchers are given out for employing people, that means many more people currently have jobs at those companies in Shasta county because of the program that otherwise would be needing a bailout from the State, and not bailing the state out by paying taxes and supporting local businesses.

Our government is keenly interested it seems in modifying people's behavior through the tax code. We don't want to encourage consuming tobacco and cigarettes so we place very high taxes on them. Environmentalists think that high gas prices are good because people will drive less so they encourage high taxes on gasoline.

Therefore if you want to discourage businesses from being here in California and employing people, raise their taxes. If you want more people employed and more businesses to thrive in California offer them incentives, such as those available through the enterprise zone. I may just be a small businessman and not an academic study producer but it doesn't take a genius to figure that out.