

Op-ed Submission to the Orange County Register

In this time of economic instability we need to do all that we can to create jobs and keep people employed. Enterprise Zones do exactly this. They help the vulnerable and the disadvantaged – the people who are hit hardest in an economic downturn.

Orange County is heavily dependent on the homebuilding industry, which has suffered in this recession. The Enterprise Zone program helps cushion this blow, by providing incentives for construction-related businesses to stay here, rather than throw in the towel and move to more affordable locations. Reducing these incentives would only exacerbate the current economic problems. There is no better remedy for this current economic downturn than providing the tools needed for businesses to hire that extra worker, buy that extra piece of equipment, and to keep their doors open for business.

California's Enterprise Zone program is a proven tool for economic growth – bringing business expansion and job creation, reducing blight and poverty and promoting business retention. According to a report to the California Department of Housing and Community Development by Nonprofit Management Solutions and Tax Technology Research, LLC “poverty decreased 7.35% more in zones than in the rest of California; unemployment rates fell by 1.2% more than the rest of the state; household incomes grew 7.1% faster in zones; and the wages and salary levels in zones grew 3.5% more than the rest of the state.” Further, a report published in 2006 by Professor Ted K. Bradshaw, Ph.D. from the University of California Davis found that “employment and earnings within EZs have grown much faster than in areas outside of EZs, and that many firms have located or relocated to EZ areas.” Professor Bradshaw argues that the program has played a pivotal role in statewide job expansion, while creating jobs for those with barriers to employment.

The Enterprise Zone program is designed to attract and retain businesses in distressed areas, hire disadvantaged workers, and provide jobs for the community.

Despite comments to the contrary, Enterprise Zones have strict oversight and reporting requirements. Zones are subject to annual review by the state's Department of Housing and Community Development and must submit a five year performance report to the Legislature. Additionally, prior to designation, applicants for zone status must undergo a rigorous and competitive application process demonstrating that they meet the state's set criteria and standards for the program. Regulations and legislation passed in 2006 created additional methods to tighten oversight and accountability.

Since its creation in 1984, the Enterprise Zone program has created thousands of additional jobs, revitalized distressed communities, decreased the unemployment rate in these areas, and made California a more attractive place to do business. Reducing or eliminating the program would result in businesses closing, lay-offs, and increased reliance on social services – creating an even bigger drain on the state's struggling General Fund.

Recently released statewide figures show the current unemployment rate in California is significantly higher than the national average. These figures demonstrate the continued need for the Enterprise Zone program and its proven effectiveness to combat poverty and unemployment.

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