

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
CHULA VISTA AMENDING THE ECONOMIC  
DEVELOPMENT DEPARTMENT'S FISCAL YEAR 2016-17  
BUDGET BY APPROPRIATING \$200,000 FOR BUSINESS  
ATTRACTION AND RETENTION INITIATIVES

WHEREAS, enterprise zones, created pursuant to and governed by California Government Code sections 7070-7089 (Enterprise Zone Act), were geographical areas located throughout California designed and authorized for the purpose of stimulating business and industrial growth in economically underinvested areas by relaxing regulatory controls that impede private investment; and

WHEREAS, pursuant to the Enterprise Zone Act, the Enterprise Zone Program (EZ Program) provided state sales and use tax credits, business expense deductions, and employee hiring tax credits (Hiring Tax Credit), as well as local incentives comprised of regulatory, tax, program, and other incentives, to attract private sector investment to each enterprise zone; and

WHEREAS, the California Department of Housing and Community Development (HCD) was authorized to designate new enterprise zones and provide administrative oversight of the EZ Program to existing enterprise zones; and

WHEREAS, on November 3, 2006, HCD awarded designation of the San Diego Regional Enterprise Zone (Former SDREZ), a multi-jurisdictional, regional enterprise zone comprised of geographical areas within the cities of Chula Vista, San Diego, and National City; and

WHEREAS, the cities of Chula Vista, San Diego, and National City (collectively, SDREZ Original Partners) entered into a memorandum of understanding establishing the partnership framework necessary to create the Former SDREZ and establishing the City of San Diego as the zone administrator (Administrator); and

WHEREAS, in order to receive the Hiring Tax Credit under the Enterprise Zone Program, an eligible business applied for the credit by submitting a California Enterprise Zone Hiring Tax Credit Voucher Application (Voucher Application) to its zone administrator and, upon verification of eligibility, the zone administrator issued a Hiring Tax Credit Voucher Certificate (Voucher Certificate) for the business to submit with its income tax filing; and

WHEREAS, the Administrator of the Former SDREZ was required to process all Former SDREZ Voucher Applications and issue Voucher Certificates (Voucher Program); and

WHEREAS, the Administrator of the Former SDREZ charged a fee of \$100 for each Voucher Application processed, as permissible under article XI, section 7 of the California Constitution, to offset state and local administrative costs associated with administering the Voucher Program; and

WHEREAS, the Enterprise Zone Act was repealed as of January 1, 2014, pursuant to California Assembly Bill 93 (AB 93), resulting in the premature termination of all enterprise zones, but allowing qualifying businesses in former enterprise zones to continue to take advantage of the Hiring Tax Credit if issued a Voucher Certificate by a zone administrator during calendar year 2014; and

WHEREAS, the Administrator elected to continue accepting Voucher Applications from qualifying businesses in the Former SDREZ through October 1, 2014, resulting in additional funds paid to the City of San Diego; and

WHEREAS, the residual funds associated with the Former SDREZ (SDREZ Funds), generated from administration of the Voucher Program, total \$3,503,533.52; and

WHEREAS, on January 13, 2016, the City of San Diego disbursed residual SDREZ Funds to the City of Chula Vista in an amount of \$486,991.16 which is equal to the percentage of Hiring Credit Voucher Certificate applications received from qualifying businesses in Chula Vista; and

WHEREAS, the SDREZ Funds can be used to further the City's goal to support the Economic Development Department in its pursuit to develop certain economic development initiatives, including strategic opportunities with long term economic growth benefit potential, and to complement regional economic development goals of the City's Economic Development Strategy; and

WHEREAS, the City wishes to allocate a portion of the SDREZ funds to develop a Revolving Loan Fund for business attraction and retention efforts focused on Third Avenue and Main Street.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it appropriates \$200,000 to the Other Expenses Category of the fiscal year 2016-17 budget of the Economic Development Department for business attraction and retention initiatives to be offset by unanticipated revenues.

Presented by

Approved as to form by

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Erick Crockett  
Economic Development Director

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Glen R. Googins  
City Attorney