

1 [Enterprise Zone Designation.]

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3 **Resolution supporting California Enterprise Zone Designation for the City and County**
4 **of San Francisco.**

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6 WHEREAS, The State of California Enterprise Tax Incentive Program (also know as
7 the California Enterprise Zone Program) is an economic development program that offers
8 businesses located in economically distressed areas special tax credits and incentives in
9 order to stimulate local investment and employment; and

10 WHEREAS, Businesses located in a designated California Enterprise Zone are eligible
11 for substantial tax credits and benefits including: 1) up to 100% net operating loss carry-
12 forward, which may be carried forward 15 years; 2) \$29,234 or more in state tax credits for
13 each qualified employee hired; 3) sales tax credits on purchases of up to \$20 million per year
14 of qualified machinery and machinery parts; 4) up-front expensing of certain depreciable
15 property; 4) net interest deduction for lenders; 5) preference points on state contracts; and 6)
16 rollover of unused Enterprise Zone tax credits to future tax years.

17 WHEREAS, California cities and counties may apply to the Department of Housing and
18 Community Development for an Enterprise Zone designation; and

19 WHEREAS, San Francisco initially received an Enterprise Zone designation in 1992 for
20 approximately 11 square miles in the eastern portion of the City, as depicted in the California
21 Enterprise Zone map on file with the Clerk of the Board of Supervisors in File No. 080348,
22 (hereinafter known as the "Previous Enterprise Zone"), which is hereby declared to be a part
23 of this resolution as if set forth fully herein; and,

24 WHEREAS, The Economic and Workforce Development Department manages the
25 Enterprise Zone; and

1 WHEREAS, Enterprise Zones are designated for fifteen (15) years; and,
2 WHEREAS, San Francisco's Previous Enterprise Zone designation expired on May 27,
3 2007; and,
4 WHEREAS, Prior to the expiration date, San Francisco applied for a New Enterprise
5 Zone designation zone in order to continue to encourage businesses to locate in economically
6 distressed areas of the City;
7 WHEREAS, San Francisco received conditional designation for a new Enterprise Zone
8 on May 27, 2007 (hereinafter New Enterprise Zone); and
9 WHEREAS, As part of the process of obtaining the New Enterprise Zone the Board of
10 Supervisor passed a resolution on August 8, 2006 authorizing the Economic and Workforce
11 Development Department to submit to the State of California Department of Housing and
12 Community Development an Enterprise Zone Application, a Memorandum of Understanding
13 and all other documents necessary for the implementation of a New Enterprise Zone;
14 WHEREAS, The State of California requires the City of San Francisco to approve the
15 final boundaries of the Enterprise Zone by legislation; and
16 WHEREAS, Due to demographic requirements mandated by State law, the final
17 boundaries of Enterprise Zone were modified during the application and approval process;
18 and
19 WHEREAS, The Final New Enterprise Zone is depicted on the boundary map on file
20 with the Clerk of the Board of Supervisors in File No. 080348, which is hereby declared to be
21 a part of this resolution as if set forth fully herein; and,
22 WHEREAS, A map showing the difference between the Enterprise Zone initially
23 proposed to the State and the Enterprise Zone finally approved by the State is depicted on the
24 map on file with the Clerk of the Board of Supervisors in File No. 080348; and,
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1 WHEREAS, A map showing the difference between the Previous Enterprise Zone and
2 the Final New Enterprise Zone is depicted on the map on file with the Clerk of the Board of
3 Supervisors in File No. 080348; and,

4 WHEREAS, The City and County of San Francisco supports job development, job
5 creation and economic development; and

6 WHEREAS, The Final New Enterprise Zone includes portions of San Francisco where
7 business operations are endangered, thereby eroding the stability of the City's workforce and
8 widening the gap between rich and poor; and,

9 WHEREAS, According to 2000 census data, the eligible area as a whole has a poverty
10 rate of 22%, and 70.23% of its households have an annual income that is less than 80% of
11 the San Francisco median family income; and

12 WHEREAS, The Final New Enterprise Zone contains areas which are severely
13 economically depressed and designation of the entire area as an Enterprise Zone is
14 necessary in order to continue to attract private sector investment and promote the creation of
15 new jobs; and now, therefore, be it

16 RESOLVED; That ~~Michael Cohen, the~~ Director ~~(or his successor)~~ of the Economic and
17 Workforce Development Department ~~(or its successor)~~, is authorized to submit to the State of
18 California Department of Housing and Community Development all documents necessary to
19 obtain Final Designation of the New Enterprise Zone; and, be it

20 FURTHER RESOLVED, That the Economic and Workforce Development Department
21 shall continue to manage all activities related to the operation and management of a State
22 Enterprise Zone; and, be it

23 FURTHER RESOLVED, That the City and County of San Francisco agrees to satisfy
24 all applicable State requirements for the Enterprise Zone designation, including maintaining
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1 adequate staffing to provide appropriate record-keeping, monthly updates on zone activities,
2 and engagement with program auditors; and be it

3 FURTHER RESOLVED, That the City and County shall develop a self-evaluation
4 process to measure its progress in meeting its goals and objectives and that said process
5 shall be submitted to the Department of Housing and Community Development for review,
6 approval and inclusion in the Memorandum of Understanding prior to Final Designation.

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