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**Redevelopment
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Staff Report

ITEM NO. 7

To: Lemoore City Council
From: Judy Holwell, Redevelopment Project Manager
Date: November 1, 2007
**Subject: Kings County Enterprise Zone Application for 2008
Designation – Resolution, Letter of Commitment, and
Memorandum of Understanding**

Discussion:

In 1993, Kings County and the incorporated cities of Lemoore, Hanford, and Corcoran received authority by the California Department of Housing and Community Development Department to designate certain areas within the county as an Enterprise Zone. California originally established the Enterprise Zone Program to stimulate economic growth in the most economically distressed areas of the State. A total of 42 Enterprise Zones are currently established and 23 of those zones are set to expire within the next 12 months. The Kings County Enterprise Zone is one of them. The cities of Lemoore, Hanford, Corcoran, Avenal, and the County of Kings are interested in applying for a new Enterprise Zone designation in the next competitive round. Attached are the required Resolution, Letter of Commitment, and Memorandum of Understanding for your review and approval. The application is due on or before November 16, 2007.

Enterprise Zones enable jurisdictions the ability to offer special incentives and programs to help cities attract and retain companies that would not otherwise locate, stay or expand within the subject jurisdiction. The following list describes some of the incentives of the program:

- Tax Credits for sales and use taxes paid on machinery purchases;
- Tax credits for hiring qualified employees;
- Interest deductions for lenders on loans to firms within the area;
- Fifteen year net operating loss carry-forward;
- Accelerated expansion deductions; and
- Priority for various state programs, such as state contracts.

Many local businesses have utilized the incentives that are available through the Enterprise Zone designation. It has been extremely successful over the fifteen years it has been in existence. Jay Salyer, Economic Development Manager for Kings County Economic Development Corporation, will give a presentation at Tuesday night's Council

meeting at which time any questions you have will be addressed. Staff recommends that following the presentation, Council should adopt the attached Resolution and Letter of Commitment, and approve the Memorandum of Understanding, all of which outlines the City of Lemoore's commitment to the designation, implementation, and operation of the Kings County Enterprise Zone.

Budget Impact:

Enterprise Zones do not impact local revenues, do not tax businesses and properties, and do not incur debt. The City has committed \$268,545 annually in city-wide salaries, services, and supplies. Additionally, all of the funding associated with this program has been previously budgeted through various departments for the 2007-2008 fiscal year. If we are successful in our application, we must commit to substantially similar funding levels for each of the 15 years of the Zone's existence.

Recommendation:

That Council:

- 1) Adopt Resolution No. 2007-45 authorizing application to the State of California for designation of the Kings County Enterprise Zone;
- 2) Adopt the Enterprise Zone Letter of Commitment by minute order, whereby the City commits its funding, in-kind resources and staffing to the Kings County Enterprise Zone for the life of the Zone; and
- 3) Approve a Memorandum of Understanding for multi-agency cooperation in the implementation, management and marketing of the Kings County Enterprise Zone.