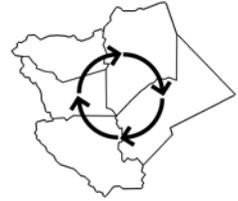


Date: April 25, 2001
To: IRP Legislative Committee Members
From: Staff
RE: AB 499 (Cogdill)

INTER-REGIONAL
PARTNERSHIP
Alameda County
Contra Costa County
San Joaquin County
Santa Clara County
Stanislaus County



Background

AB 499, authored by Assemblyman David Cogdill of District 25, Stanislaus County, is directed at amending section 65891.1 of the Government Code relating to balancing jobs with housing.

Specifically, AB 499 speaks to the IRP State Pilot Program to improve the balance of jobs and housing monitored by the Department of Housing and Community Development. The major change proposed by the bill is the revision of the characteristics of a jobs/housing opportunity zone identified by the IRP.

Currently, zones are limited to areas where adequate infrastructure exists. This could potentially limit the location of jobs/housing opportunity zones, for example, to more urban areas. Smaller Valley cities that have housing, but seek more employment, may not have the infrastructure to be eligible for a jobs/housing opportunity zone. Infrastructure requirements could also limit opportunities Valley cities may have to receive funds from the Jobs/Housing Improvement Program. The 2001/2002 Budget Bill proposes that an additional \$200 million be allocated to this program.

AB 499 would expand the characteristics of a zone to include areas identified by a city or county where infrastructure incentives are necessary for the area to create viable jobs.

The bill would create incentives for the five-county Partnership area, including exempting from the state sales tax, 5% of the gross receipts of materials sold in this state which are used for infrastructure improvements in the IRP counties. Additionally, the bill targets incentives directly at Stanislaus County. The Technology, Trade and Commerce Agency would be required to designate an enterprise zone in Stanislaus County, at the request of the Board of Supervisors, and an additional targeted tax area in Stanislaus County, at the request of the appropriate governing body.

To be eligible for incentives, the area must have:

- a general plan designation and zoning that allows job creation
- a completed infrastructure plan and infrastructure finance plan

Areas with multi-jurisdictional revenue sharing and service agreements will receive priority consideration for incentives.

Senator Torlakson has informally discussed AB 499 with Assemblyman Cogdill. The Senator's legislative staff are not aware of any plans by the Senator to take action on the matter.

Requested Action

IRP staff recommends that this bill be monitored.

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 499

Introduced by Assembly Member Cogdill

February 21, 2001

An act to amend Section 65891.1 of ~~the Government~~, and to add Sections 7073.2 and 7098 to, the Government Code, and to add Section 6362 to the Revenue and Taxation Code, relating to balancing jobs with housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 499, as amended, Cogdill. Balancing jobs with housing.

Existing

(1) *Existing* law, until January 1, 2005, creates the Inter-Regional Partnership State Pilot Project to Improve the Balance of Jobs and Housing, which is monitored by the Department of Housing and Community Development, to test and evaluate policies and incentives to mitigate current and future imbalances of jobs and housing in specified counties. For purposes of the project, a jobs-housing opportunity zone is a zone selected by the project that has specified characteristics, including the characteristic that it is serviced by adequate infrastructure and transit service, or has commitments to provide adequate infrastructure and transit service, to support significant proposed development.

This bill would revise this characteristic to provide, as an alternative, that the zone be identified by the appropriate ~~local land use planning authority~~ city or county as an area where infrastructure incentives are necessary for the area to create viable jobs. *It would also set forth the*

requirements for eligibility for infrastructure incentives pursuant to these provisions.

(2) *The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax.*

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

This bill would additionally exempt 5% of the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, materials that are incorporated in, or are affixed to, infrastructure within the geographic area of the Inter-Regional Partnership established pursuant to the pilot project. It would provide that this exemption would not apply with respect to specified taxes levied by a county, city, or district.

(3) *The Enterprise Zone Act provides for the designation of enterprise zones by the Technology, Trade, and Commerce Agency, based on the agency’s approval of applications from a city, county, or city and county with a geographic area meeting certain criteria. Certain entities within a designated enterprise zone may receive regulatory, tax, and other incentives for private investment and employment.*

This bill would, notwithstanding any other provision of law, require the agency to designate an enterprise zone within the County of Stanislaus, upon request of the county board of supervisors.

(4) *Existing law requires the Technology, Trade, and Commerce Agency to designate a targeted tax area based on applications from communities who meet specified criteria. Certain entities within the targeted tax area may receive credits against specified state taxes.*

This bill would, notwithstanding any other provision of law, require the agency to designate an additional targeted tax area within the County of Stanislaus, upon request of the appropriate governing body.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. *Section 7073.2 is added to the Government*
 2 *Code, to read:*



1 7073.2. (a) Notwithstanding any other provision of law, the
2 agency shall, upon request of the county board of supervisors,
3 designate an enterprise zone within the County of Stanislaus.

4 (b) For purposes of applying any provision of the Revenue and
5 Taxation Code, the enterprise zone designated pursuant to this
6 section shall be deemed to have been designated pursuant to
7 Section 7073.

8 SEC. 2. Section 7098 is added to the Government Code, to
9 read:

10 7098. (a) Notwithstanding any other provision of law, the
11 Technology, Trade, and Commerce Agency shall, upon request of
12 the appropriate governing body, designate an additional targeted
13 tax area within the County of Stanislaus.

14 (b) For purposes of applying any provision of the Revenue and
15 Taxation Code, any targeted tax area designated pursuant to this
16 section shall not be considered an enterprise zone designated
17 pursuant to Chapter 12.8 (commencing with Section 7070).

18 (c) The targeted tax area designated pursuant to this section
19 shall be subject to the auditing requirements set forth in
20 subdivision (e) of Section 7097.

21 SEC. 3. Section 65891.1 of the Government Code is amended
22 to read:

23 65891.1. For the purposes of this article, the following terms
24 have the following meanings:

25 (a) “Inter-Regional Partnership” or “IRP” means an
26 organization of elected officials from the Counties of Alameda,
27 Contra Costa, Santa Clara, San Joaquin, and Stanislaus and a
28 number of cities therein, that was formed under the sponsorship of
29 the three regional councils of government, the Association of Bay
30 Area Governments (ABAG), the San Joaquin Council of
31 Governments, and the Stanislaus Council of Governments, that
32 oversee regional land use and transportation planning for the five
33 counties.

34 (b) “Incentives” include, subject to negotiations with
35 appropriate state and local agencies, the following:

36 (1) Providing tax credit priority for development of
37 multifamily residential construction in areas with job surpluses
38 and for job generating projects in areas with housing surpluses.



1 (2) Providing a return of property tax for development of
2 affordable housing in areas with job surpluses and for job
3 generating projects in areas with housing surpluses.

4 (3) Pooling of redevelopment funds.

5 (4) Tax-increment financing for jobs-housing opportunity
6 zones based on the redevelopment model.

7 (c) “Jobs-housing opportunity zone” means a zone selected by
8 the IRP State Pilot Project for the purpose of mitigating current
9 and future imbalances of jobs and housing in the Counties of
10 Alameda, Contra Costa, Santa Clara, San Joaquin, and Stanislaus
11 that has the following characteristics:

12 (1) Is no smaller than 50 acres and no larger than 500 acres.

13 (2) Contains significant portions of land that are vacant,
14 underutilized, and suitable for urban use.

15 (3) Is created for the purpose of either providing needed
16 workforce housing if there is a surplus of jobs or providing jobs for
17 the area’s workers if there is a surplus of housing.

18 (4) Is eligible to receive incentives, subject to negotiation with
19 appropriate resource agencies.

20 (5) Either one of the following:

21 (A) Is serviced by adequate infrastructure and transit service,
22 or has commitments to provide adequate infrastructure and transit
23 service, to support significant proposed development.

24 ~~(B) Has been identified by the appropriate local land use
25 planning authority~~

26 (B) (i) *Has been identified by the appropriate city or county as*
27 *an area where infrastructure incentives are necessary for the area*
28 *to create viable jobs.*

29 (ii) *In order to be eligible for infrastructure incentives, a zone*
30 *shall meet all of the following requirements:*

31 (I) *It has a general plan designation that allows job creation.*

32 (II) *It is zoned or prezoned in a manner that allows job creation.*

33 (III) *Multijurisdictional cooperative efforts are encouraged*
34 *through a revenue-sharing and service agreement. Priority shall*
35 *be given to an area where such an agreement is in place.*

36 (IV) *Infrastructure master planning is complete.*

37 (V) *An infrastructure finance plan identifying the*
38 *infrastructure financing shortfalls for which incentives are sought*
39 *is complete.*



1 (6) Is intended to support development that will improve the
2 jobs-housing imbalance across the five-county IRP area.

3 *SEC. 4. Section 6362 is added to the Revenue and Taxation*
4 *Code, to read:*

5 *6362. (a) There are exempted from the taxes imposed by this*
6 *part 5 percent of the gross receipts from the sale in this state of, and*
7 *the storage, use, or other consumption in this state of, materials*
8 *that are incorporated in, or are affixed to, infrastructure within the*
9 *geographic area of the Inter-Regional Partnership established*
10 *pursuant to Article 2.10 (commencing with Section 16891) of*
11 *Chapter 4 of Division 1 of Title 7 of the Government Code.*

12 *(b) Notwithstanding any provision of the Bradley-Burns*
13 *Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with*
14 *Section 7200)) or the Transactions and Use Tax Law (Part 1.6*
15 *(commencing with Section 7251)), the exemption established by*
16 *this section shall not apply with respect to any tax levied by a*
17 *county, city, or district pursuant to, or in accordance with, either*
18 *of those laws.*

19 *(c) Notwithstanding subdivision (a), the exemption established*
20 *by this section shall not apply with respect to any tax levied*
21 *pursuant to Sections 6051.2 and 6201.2, or pursuant to Section 35*
22 *of Article XIII of the California Constitution.*

23 *SEC. 5. Due to the unique circumstances of the Counties of*
24 *Alameda, Contra Costa, Santa Clara, San Joaquin, and*
25 *Stanislaus, with respect to mitigating current and future*
26 *imbalances of jobs and housing in those counties, the Legislature*
27 *hereby finds and declares that a general statute cannot be made*
28 *applicable within the meaning of Section 16 of Article IV of the*
29 *California Constitution. Therefore, the special legislation*
30 *contained in Sections 1 and 2 of this act is necessarily applicable*
31 *only to the County of Stanislaus, and the special legislation*
32 *contained in Section 4 of this act is necessarily applicable only to*
33 *the Counties of Alameda, Contra Costa, Santa Clara, San*
34 *Joaquin, and Stanislaus.*

