



Date: August 20, 2003
To: Inter-Regional Partnership
From: IRP Staff
RE: AB 723

Background

The purpose of this report is to update the IRP members on the status of Assembly Bill 723, sponsored by Assemblywoman Barbara Matthews. AB 723 would allow the creation of infrastructure financing districts (which are similar to tax increment financing districts) in Jobs/Housing Opportunity Zones in order to give employers and homebuilders an incentive to locate in the Zones. Revenues raised would be used to develop infrastructure that would improve the competitive position of the zones relative to other states and regions, and make the zones more attractive to prospective employers and developers.

AB 723 Status

AB 723 has passed the State Assembly, however, prior to being heard before the Senate Government Committee in July 2003, the Senate Consultant expressed the need to clarify the distinction between AB 723 and existing code. This is consistent with concerns expressed by the Republican Committee Consultant prior to the bill's review by the Assembly Appropriations Committee on May 13, 2003, which included the following comment:

“Inasmuch as the May 5, 2003 amendments to AB 723 restored the voter approval requirements, it is not clear that this bill allows the specified local agencies to accomplish anything they could not do under the existing IFD law.”

Since this perception continues to persist, Assemblywoman Barbara Matthews pulled the bill in order to introduce it to the Senate Government Committee during the next legislative session.

As per the recommendation from the IRP Zone representatives, who meet regularly, AB 723 was reviewed by a third party, Michael Wong of Keyser Marston Associates Inc. (KMA). Mr. Wong possesses in-depth knowledge regarding tax increment financing and the firm of KMA was instrumental in establishing the first Infrastructure Financing District (IFD) in the State of California. Mr. Wong will be participating in a teleconference with the members of the IRP Zone representatives on August 13, 2003 to review the recommendations. Attached is the working memorandum (rough draft) prepared by Michael Wong for your review.

The proposed recommendations to AB 723 have been reviewed by Assemblywoman Barbara Matthews' staff. Initial reaction is very favorable and the Assemblywoman's staff believes that the recommendations will make the bill stronger, distinct, and more usable.

The Senate will not be reviewing any new bills until January 2004. Therefore, between now and when the bill will be heard, Barbara Matthews staff will be working with IRP staff and the legislative Counsel to incorporate recommended changes to the bill.

Next Steps

IRP staff will embark on the following activities in the coming months to move AB 723 forward:

- IRP Zone representatives will meet to review recommendations prepared by KMA and consultant with Michael Wong of KMA to go over amendments.
- IRP Staff will meet with Assemblywoman Barbara Matthews to finalize amendments.
- Assemblywoman Matthew's staff will introduce amendments to Legislative Council to incorporate changes into the bill.

Recommended Actions

IRP staff recommends that the IRP members take action on the following items:

1. Once AB 723 is scheduled for the Senate Government Committee in January 2004, staff recommends that the IRP direct staff to prepare letters of support for the IRP co-chairs to sign.
2. Direct staff to solicit letters of support from other agencies to be sent to all the State Assembly members. Assemblywoman Matthews' staff will communicate the time when this task needs to be delivered.
3. Ensure that IRP stakeholders are in attendance at the first Senate Hearing.